For the year ended March 31, 2003

SHARP

ANNUAL REPORT 2003

Business Philosophy

We do not seek merely to expand our business volume.
Rather, we are dedicated to the use of our unique,
innovative technology to contribute to the culture,
benefits, and welfare of people throughout the world.

It is the intention of our corporation to grow
hand-in-hand with our employees,
encouraging and aiding them to attain their full potential
and improve their standard of living.

Our future prosperity is directly linked to the prosperity of
our customers, dealers, and shareholders ... indeed,
the entire Sharp family.

Business Creed

Sharp Corporation is dedicated to two principle ideals:

"Sincerity and Creativity"

By committing ourselves to these ideals, we can derive genuine satisfaction
from our work, while making a meaningful contribution to society.

Sincerity is a virtue fundamental to humanity ... always be sincere.

Harmony brings strength ... trust each other and work together.

Politeness is a merit ... always be courteous and respectful.

Creativity promotes progress ... remain constantly aware of the need to innovate and improve.

Courage is the basis of a rewarding life ... accept every challenge with a positive attitude.

Contents

Disclaimer regarding future plans and estimates

This annual report contains certain statements describing Sharp's future plans, strategies and performance forecasts. These statements are not based on historical fact, but rather reflect management's beliefs based on the current information available. The plans, strategies and performance forecasts are subject to risk and uncertainty associated with factors such as economic trends, changes in supply and demand, increased competition, exchange rate fluctuations, and changes to taxation law and other regulations. Actual performance may differ from the forecasts supplied.

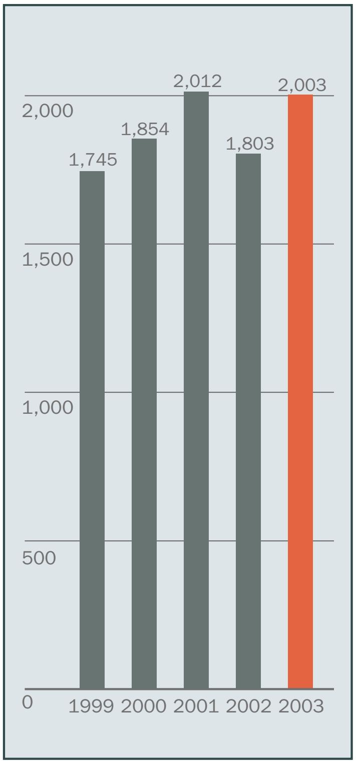
Financial Highlights

Sharp Corporation and Consolidated Subsidiaries
Years ended March 31

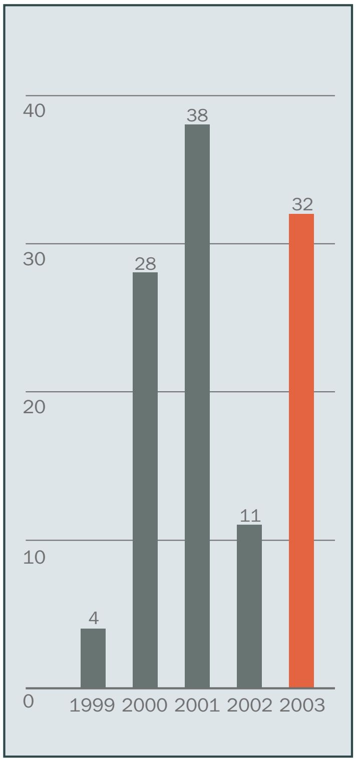
	Yen (millions)					U.S. Dollars (thousands)
	1999	2000	2001	2002	**2003**	**2003**
Net Sales	¥ 1,745,537	¥ 1,854,774	¥ 2,012,858	¥ 1,803,798	**¥ 2,003,210**	**$ 16,833,697**
Net Income	4,631	28,130	38,527	11,311	**32,594**	**273,899**
Net Income per Share of Common Stock (yen and U.S. dollars)	4.11	24.97	34.20	10.10	**29.37**	**0.25**
Cash Dividends per Share of Common Stock (yen and U.S. dollars)	12.00	12.00	13.00	14.00	**15.00**	**0.13**
Shareholders' Equity	944,339	896,618	943,505	926,856	**902,116**	**7,580,807**
Total Assets	2,021,886	1,922,794	2,003,641	1,966,909	**2,004,832**	**16,847,328**
Number of Shares Outstanding (thousands of shares)	1,126,525	1,126,577	1,126,647	1,110,598	**1,089,855**	**—**
Number of Employees (Sharp Corporation and Consolidated Subsidiaries)	48,820	49,748	49,101	46,518	**46,633**	**—**

(Notes) 1. Translation into U.S. dollar figures is based on ¥119=U.S.$1, the approximate exchange rate prevailing on March 31, 2003. All dollar figures hereinafter refer to U.S. currency.
2. The computation of net income per share is based on the weighted average number of shares of common stock outstanding during each fiscal year.
3. Number of shares outstanding is net of treasury stock.
4. The figures for 2000 in this section and financial section of this report have been restated to conform with presentation concerning foreign currency translation adjustments under the revised Accounting Standard for Foreign Currency Transactions effective April 1, 2000.
5. Effective April 1, 2002, the Company adopted the new accounting standard for earnings per share and related guidance (Accounting Standards Board Statement No. 2, "Accounting Standard for Earnings Per Share" and Financial Standards Implementation Guidance No. 4, "Implementation Guidance for Accounting Standard for Earnings Per Share").

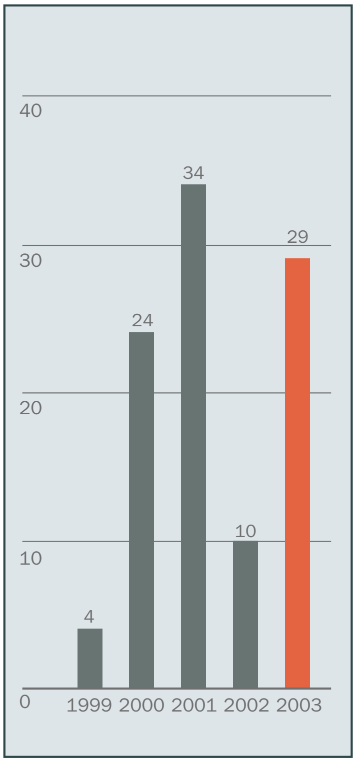
Net Sales (billions of yen)



Net Income (billions of yen)



Net Income per Share (yen)



A Message to Our Shareholders

President Katsuhiko Machida

Review of Fiscal 2002

Extremely severe economic conditions continued in Japan during the fiscal year ended March 2003, reflected in prolonged deflation that negatively affected the stock market, employment and personal income. Overseas, such factors as a slowing U.S. economy, decreasing global stock prices and heightened political tension regarding Iraq further exacerbated world economic uncertainty.

Sharp endeavored to counteract these challenging conditions by developing one-of-a-kind products that promote new lifestyles as well as creating innovative devices indispensable for these products. In our product business, we enhanced our unique products, including LCD color televisions with an expanded line-up, camera-equipped mobile phones and air purifiers incorporating Plasmacluster Ion technology. In our device business, we bolstered sales of high-value-added LCDs, such as ASV LCDs with wide-viewing-angle and high-response-speed, and Advanced TFT LCDs with reflexive and transmissive features. We also commenced mass-production of System LCDs, innovative LCDs to lead the next generation. As for CCD and CMOS imagers, we enhanced the production capacity, and we also established the world's largest production capacity for solar cells. These were the initiatives assertively implemented by Sharp during the period.

The result of these efforts saw domestic net sales increase 7.5% from the previous year, to ¥1,057.4 billion, while overseas net sales amounted to ¥945.8 billion, up 15.3%, for a total of ¥2,003.2 billion, or 11.1% higher compared to fiscal 2001. Operating income rose 35.2% year on year, to ¥99.4 billion. Net income surged 188.2%, to ¥32.5 billion, despite loss on sales and impairment of investments in securities due to the steep decline in the Japanese stock market.

Pursuing Value as a One-of-a-Kind Company

We will continue to leverage our state-of-the-art electronics technology to develop original devices and distinctive products that drive higher profitability, while striving to fulfill our commitment to society, as we endeavor to enhance our value as a one-of-a-kind company.

Strengthen strategy for one-of-a-kind products

We seek to further expand our LCD color television business through the utilization of enhanced production capabilities and related technological expertise at the Kameyama Plant, which is scheduled to begin operations in January 2004. We are also striving to boost mobile phone sales in global markets with the development of high-value-added handsets suitable for a ubiquitous society. In home appliances, we will create a new product category that is both environmentally friendly and health conscious, using our technologies such as Plasmacluster Ion technology.

Fortify development of original electronic devices to create one-of-a-kind products

In our LCD business, besides bolstering development of one-of-a-kind products, such as System LCDs, we will further raise competitiveness by focusing on the creation of exclusive production technologies. In our IC and Other Electronic Component business, we will strengthen development of original electronic devices for use in one-of-a-kind products, while also accelerating our policy of refocus and consolidation aimed at business expansion in growth segments.

Environmental management and improved product quality and safety

In addition to promoting environmentally aware production activities and raising the efficiency with which we use resources through recycling activities, we are also working towards the development of products and devices that can create energy and contribute to better conservation of resources and energy. We constantly put the global environment first through the promotion of such endeavors. Maintaining high levels of quality and safety in our products and electronic components will allow us to continually raise customer satisfaction.

Personnel system to boost productivity and competitiveness

We are always trying to further the development of our employees, training the potential leaders of tomorrow and striving to raise their skill level and improve their versatility. We are also pushing forward with reforms of our personnel system, focusing on performance-oriented remuneration. These initiatives are geared towards raising the competencies and drive of our employees.

Promoting corporate governance

Sharp has always been a manufacturing and technology-oriented company. We strongly believe that the current Board of Directors/Statutory Auditors System meets this purpose, and we plan to further strengthen this system to expand our business and enhance corporate governance. To improve management maneuverability and flexibility, and to clarify management responsibilities during each accounting period, we gained approval at the Ordinary General Meeting of Shareholders in June 2003 to shorten the term of office for members of the Board of Directors from two years to one. We will also increase management transparency by broadening the scope of information disclosure so that all shareholders and investors are able to promptly have access to accurate corporate information.

Enhancing Corporate Value

In order to generate continuous improvements in the value of the Company in terms of profitability, shareholder value, and the efficiency of our capital utilization, we employ three principal financial performance indicators, namely, return on assets (ROA), return on equity (ROE) and free cash flow. Moreover, we are making further progress with our business restructuring initiatives by evaluating each business division, using a measure called PCC, or profit after capital costs (post-tax operating income less the cost of invested capital).

To raise shareholder value, we plan to continue to buy back our shares in the market during fiscal 2003.

We ask all our shareholders for their continued support in the coming years.

July 2003

President Katsuhiko Machida

Cultivating New Markets with One-of-a-Kind Products

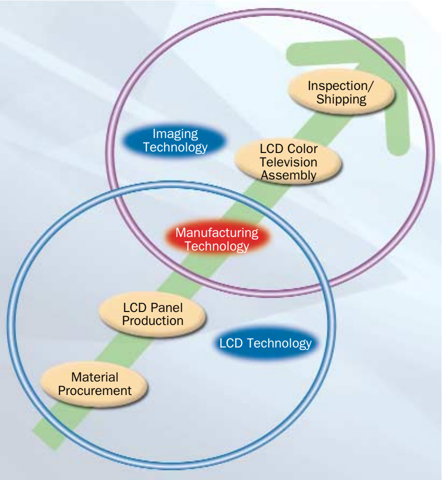
Spiral Strategy: Developing Innovative Products and Electronic Devices

Sharp has been working to strengthen its Spiral Strategy to create unique products through the Company's proprietary electronic devices. The one-of-a-kind products, including LCD color televisions and camera-equipped mobile phones that employ key devices developed at Sharp, such as LCDs, are carving out previously uncharted markets. Sharp aims to speed up the development of distinctive products and electronic devices to reinforce its place as a highly valuable one-of-a-kind company.

Kameyama Plant: Implementation of Spiral Strategy

The state-of-the-art Kameyama Plant in Kameyama City, Mie Prefecture, is an integrated facility for the production of LCD color televisions, from the manufacture of LCD panels to final assembly of finished products. The plant features streamlined production and inspection processes with lower logistics costs, and brings together Sharp's cutting-edge LCD and video imaging technologies developed over 50 years of experience. This contributes to increased efficiency in the production of high quality LCD color televisions.

Through operations at the Kameyama Plant, Sharp intends to further expand the market for LCD color televisions as a leading company in this business.



Kameyama Plant Profile
Scheduled start of operations: January 2004
Production capacity: 100,000 units per month in 30-inch widescreen television equivalents
Substrate size: 1,500 x 1,800 mm (yield: eight 30-inch panels per substrate)

Kameyama Plant construction continues to move forward.

Breaking the Mold for Mobile Phones via Spiral Strategy

Sharp broke new ground in the industry in 2000 with the successful development of a camera-equipped mobile phone*. The key to this realization has its roots in the Company's spiral strategy, which led to the development of unique electronic devices such as an ultra-thin CMOS camera module and signal processing LSI. Sharp has introduced new, leading-edge mobile phones featuring advanced electronic devices, notably mega-pixel CCD camera modules and high-resolution System LCDs, to further advance the world of communications.

*Mobile phone with a built-in camera capable of taking, receiving and sending still images

Promoting Growth with New Products and Devices

LCD Color Televisions

Sharp's LCD color television AQUOS series transformed the television age and is now shaping the lifestyles of the 21st century.

Based on the vision to change all CRT televisions into LCD color televisions, Sharp developed entirely new LCD color televisions with superior features and design to market its AQUOS line in 2001. This acted as the catalyst to further expand the LCD color television market. With the introduction of 30V-inch* and 37V-inch models, whereas LCD color televisions were initially placed in the kitchen and beside the bed as second televisions, newer, large-size LCD color televisions are taking over from traditional televisions in the living room.

Garnering a high level of customer satisfaction through features that include high resolution, low power consumption, a long service life and a small footprint, demand for LCD color televisions is expected to skyrocket in the market for flat panel display televisions.

Sharp will seek to generate an even higher quality picture as it accelerates the integration of the world's highest standard LCD technology and television image technology that Sharp has developed for many years.

Sharp will also enhance its product line-up with the launch of portable, wireless and antenna-less televisions, models with built-in terrestrial digital HDTV tuners, and greater-than-40V-inch large-screen HD televisions.

Through the world's first integrated production system, from LCD panels to LCD color televisions, scheduled to begin at the Kameyama Plant in January 2004, Sharp will aggressively endeavor to meet worldwide demand.

*“V-inch” is the measure of a size of the flat television screen based on the diagonal dimension of the actual viewing area.

LCD color television with built-in terrestrial digital HDTV tuner

1-bit digital amplifier equipped LCD color television with super-high-fidelity sound reproduction

LCD color television with Smart Link wireless system and built-in battery

Mobile Phones

Realizing products that deliver the ultimate in enjoyment ... Sharp continues to stimulate evolution in mobile phone technology with an all-new, entertainment-filled communications style.

As the first to realize consumer demand for a more personalized and intimate communications style, Sharp has striven to innovate a series of pioneering handsets. In autumn 2000, Sharp outpaced the competition to develop camera-equipped mobile phones. Thereafter, moving from models that combine standard voice transmission, mail services and Internet access to handsets that can also take, send and receive images, Sharp has succeeded in crafting a new form of communications tool.

Although camera-equipped mobile phones have become the mainstream in Japan, they are just taking off in overseas markets. In line with this, Sharp commenced shipments of models to Europe and Asia in autumn 2002. Such moves accelerate Sharp's business not only on a domestic but also a global front.

Telecommunications infrastructure and carrier services are advancing at breakneck speed with the advent of terrestrial digital broadcasting and next-generation mobile communications services. Accordingly, Sharp plans to develop handsets that combine the features of broadcasting and mobile communications, as well as create more advanced cameras. These strategic moves are aimed at providing even higher value-added mobile phones, while also promoting an innovative and convenient communications style.

Mobile phones equipped with highly sensitive CCD camera modules and high-resolution System LCDs

Plasmacluster Ion Appliances

Adopting proprietary Plasmacluster Ion technology, Plasmacluster Ion appliances contribute to a more healthy and comfortable lifestyle.

Sharp's Plasmacluster Ions*, which were proven to be effective in inactivating airborne viruses in September 2002, have led to a recent boom in Japan, with an increased awareness towards health and the environment resulting in a significant rise in sales of air purifiers in particular.

Sharp will strive to further bolster sales in this business area, focusing primarily on overseas market development and enhancing the range of Plasmacluster Ion products such as air conditioners, refrigerators and vacuum cleaners.

With the strategic aim of providing clean air using Plasmacluster Ions in as many places as possible, Sharp will aggressively expand the applications of Plasmacluster Ions to such locations as offices, factories and hospitals as well as automobiles.

**Plasmacluster Ions*

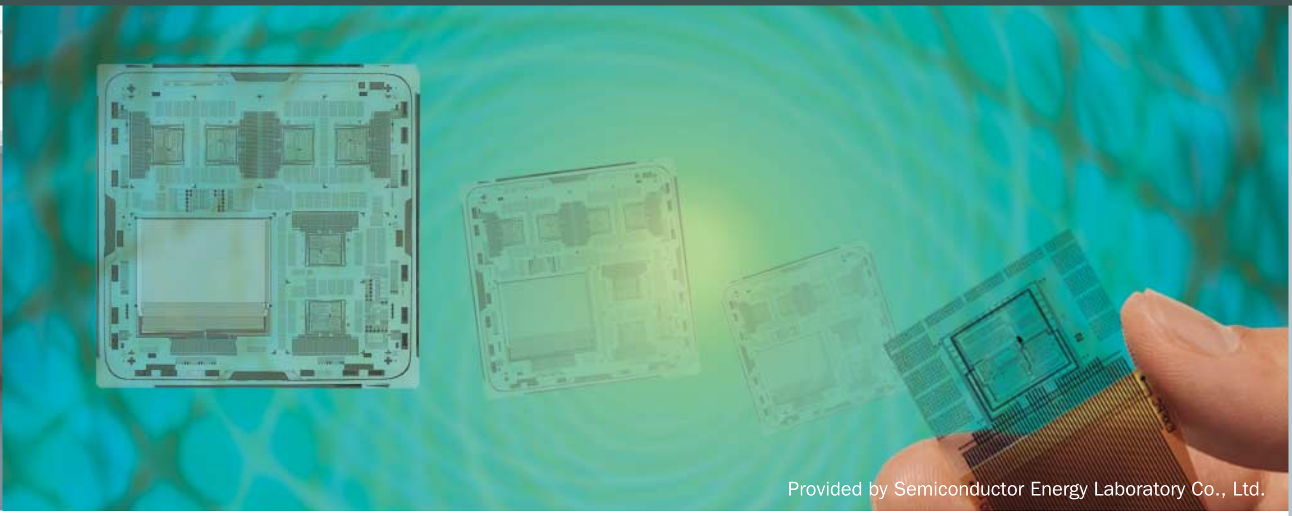
Plasmacluster Ions, identical numbers of positive and negative ions, are released into the air from a Plasmacluster Ion generating unit to inactivate airborne mold fungi and viruses. This technology was developed by Sharp, and results have been verified in Germany and China in addition to Japan.

[Proven at Worldwide Testing Organizations]

Japan:	Kitasato Research Center of Environmental Sciences (airborne viruses)
	Ishikawa Health Service Association (airborne molds)
Germany:	Institute of Medical Microbiology and Hygiene, University of Lubeck (airborne molds)
China:	Shanghai Municipal Preventive Medicine Research Institute (airborne molds)

Plasmacluster Ion generating unit

System LCDs


Provided by Semiconductor Energy Laboratory Co., Ltd.

Sharp will continue to lead the world of LCDs by accommodating the use of System LCDs in an increasingly diverse array of products.

System LCDs, which employ CG (Continuous Grain) Silicon technology that Sharp developed in conjunction with Semiconductor Energy Laboratory Co., Ltd., are one of Sharp's next-generation, one-of-a-kind products. System LCDs place peripheral ICs onto the same glass substrate as the main LCD panel, in an integrated system, to realize higher resolution relative to conventional LCDs. Enabling an elevated level of freedom in design has gained extremely favorable response from manufacturers.

In line with advancements in mobile equipment, it is anticipated that System LCDs will become the mainstream of small- and medium-size display units especially suitable for mobile phones.

In the future, Sharp expects to develop sheet computers and sheet televisions, once thought impossible, through the further evolution of this technology. In October 2002, Sharp successfully integrated an 8-bit CPU onto a glass substrate through its CG Silicon technology — a world first. This is the first step towards the fulfillment of Sharp's dreams.

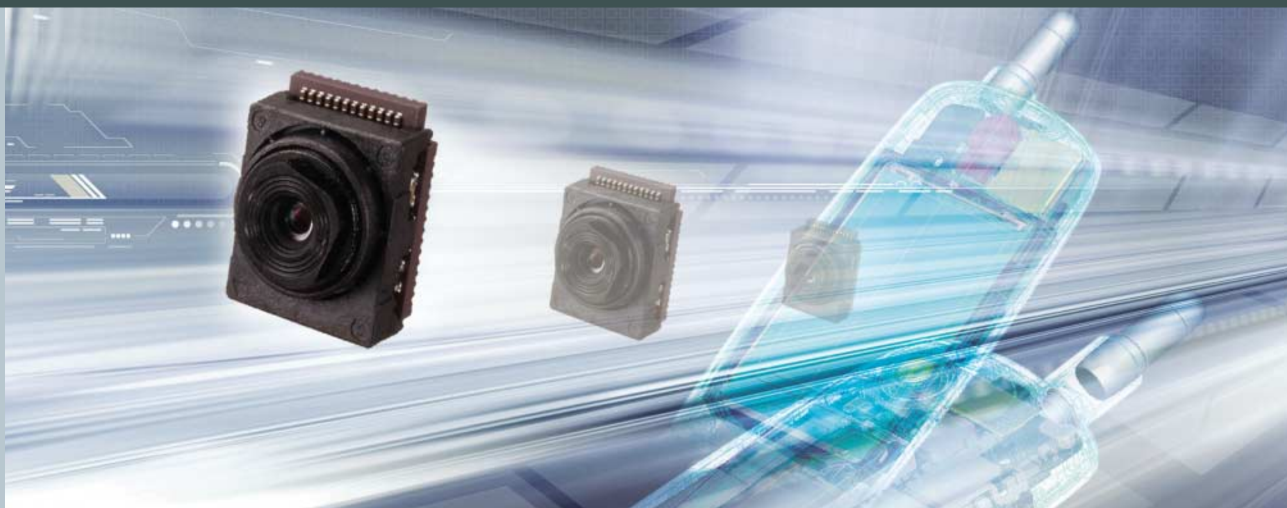
Sharp commenced mass-production of System LCDs at the Tenri Plant in October 2002, and started operations at the new Mie No. 3 Plant in June 2003. To cope with the swift rise in demand for mobile equipment such as mobile phones, Sharp will work to further strengthen its production capabilities in the years to come.


Zaurus personal mobile tool with 3.7-inch VGA display System LCD


Mobile phone with 2.4-inch QVGA display System LCD

Mie Plant (concept illustration)

CCD and CMOS Imagers



Market demand for CCD and CMOS imagers, often called the "electronic eye," is growing rapidly in line with the proliferation of camera-equipped mobile phones and digital still cameras.

Throughout the years, Sharp has focused energies on creating smaller, higher resolution CCD and CMOS imagers ahead of the competition. Sharp's miniature camera modules, which combine the image sensor, lens and signal processing LSI in a single, high-density package, enabled mobile phones to incorporate camera features.

CCD and CMOS imagers are now employed in handsets not only in Japan but also throughout the world.

In the future, Sharp will boost development efforts regarding mobile phones and digital still cameras for which expanded demand is expected, while also promoting alternative applications, such as in automobiles as well as for security and industrial purposes.

With an advantage of having both CCD technology and CMOS imager technology, Sharp is determined to create devices that best serve customer needs and enhance its production capabilities to effect business growth.

CCD	CMOS Imagers
High-definition (High sensitivity, low noise)	Low power consumption/miniature
Applications prioritizing image quality	**Applications prioritizing smallness, low cost and power-conserving features**
Digital still cameras, camcorders, camera-equipped mobile phones (high-definition), etc.	Camera-equipped mobile phones, PDAs, entertainment devices, etc.

Photovoltaic Power Systems

With 2003 marking 40 years of experience, Sharp, an environmentally conscious company, continues to lead the photovoltaic industry with its preeminent technologies and years of reputation in the market.

In 1963, Sharp became the first company in the industry to successfully produce solar cells. In the ensuing years, Sharp's solar cells have been used as an energy source in satellites and lighthouses, among others, with their superior reliability gaining a great deal of market respect.

Amid increasing environmental concerns worldwide, Sharp has been responding to rising customer needs in the remarkably high-growth market for housing-related products by leveraging expert technological capabilities and reliability. Consequently, Sharp has been the world's leading manufacturer of solar cells for three consecutive years.*

Sharp will continue to develop photovoltaic power systems for housing with limited space by improving the conversion efficiency of solar cells. Furthermore, Sharp will increase its lineup with the systems that best match a variety of roof-top layouts as well as enhance the aesthetic beauty of buildings.

To meet rising demand in Japan and overseas, Sharp increased solar cell production capacity at the Shinjo Plant in Nara Prefecture to 200 MW in February 2003, representing the world's largest annual output.

Efforts to enhance technological development will boost popularity for solar power use. Sharp constantly aims to be an environmentally conscious company, contributing to environmental preservation and the prevention of global warming.

*According to *PV News*, a U.S. photovoltaic newsletter

Shinjo Plant (concept illustration)

Working towards a Sustainable Society

Advanced Environmental Activities

Super Green Initiatives

Based on its global environmental conservation obligations as a manufacturer, Sharp formulated its "3G-1R"* environmental strategy in 1997, which has since guided all the Company's related activities.

Starting in fiscal 2001, Sharp initiated the development of an advanced program of environmental activities based on the 3G-1R strategy, establishing clear objectives and policies to be implemented throughout its global operations. This program divides Sharp's relationship with the environment into six stages (**management, planning and design, manufacturing, recycle, logistics and mind-set**).

*3G-1R:
GP : Green Products (Develop environmentally conscious products)
GF : Green Factories (Manufacture with the environment in mind)
GM : Green Mind (Create an ecologically minded company atmosphere)
RB : Recycling Business (Collect and recycle used products where feasible)

Management Stage

Except for the site in Mihara, which commenced operations in May 2002, all of Sharp's domestic manufacturing facilities had obtained ISO14001 certification for their environmental management systems by the end of fiscal 1997. Major non-manufacturing sites, including the Head Office and all sales and service companies, have also attained certification.

Sharp has continued to advance its environmental management by introducing environmental accounting, reflecting environmental activities in the evaluation of divisional business performance and formulating environmental management performance indicators.

To ensure full regulatory compliance and prevent environmental pollution, Sharp also established environmental risk management procedures.

Planning and Design Stage

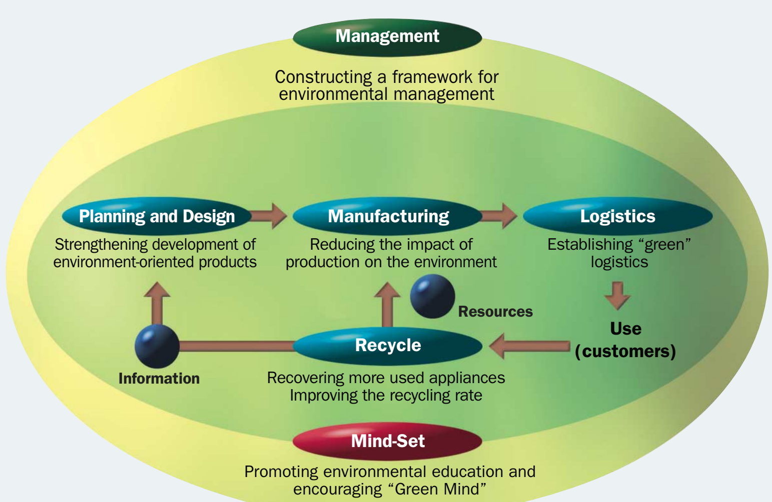
Based on seven unique concepts* — Sharp is developing environmentally conscious "Green Products" that meet specific environmental performance parameters pursuant to company development guidelines.

Those top-of-the-line products that meet all designated standards are marked with the Company's unique "Sharp Green Seal" label on the products themselves as well as printed materials.

Sharp is also pushing forward with the development of technologies related to the recycling of plastic materials, which enables us to utilize recovered plastics for the parts of new products.

*Low energy consumption, resource reduction, safety, recycle, use recycled materials, long life usability, and easy to disassemble

Six Stages of Super Green Initiatives



Manufacturing Stage

Sharp is determined to transform all of its manufacturing facilities worldwide into “Green Factories” based on ISO14001 standards. The issues being prioritized by management in this program are to reduce greenhouse gases, lower emission of wastes and promote recycling, as well as properly manage and reduce the volume of hazardous materials. Sharp achieved “zero discharge to landfill” at all of its manufacturing facilities in Japan for the second consecutive year. (“Zero discharge to landfill” is defined as achieving landfill disposal of effectively zero. Sharp sets the upper limit for the landfill disposal ratio as less than 0.5% of all wastes.)

Recycle Stage

Sharp recycles PCs and copiers, etc., in addition to the four leading categories of home appliances (air conditioners, televisions, refrigerators and washing machines) in compliance with appliance recycling legislation. Sharp also utilizes the recycling expertise acquired from its recycling business to create guidelines that promote improved recyclable product design. This feedback plays a key role in the development of easily-recyclable products.

Logistics Stage

Sharp is working to reduce the amounts of cardboard and expanded polystyrene used as buffer materials, particularly in import/export containers, by switching to air bags that can be recycled.

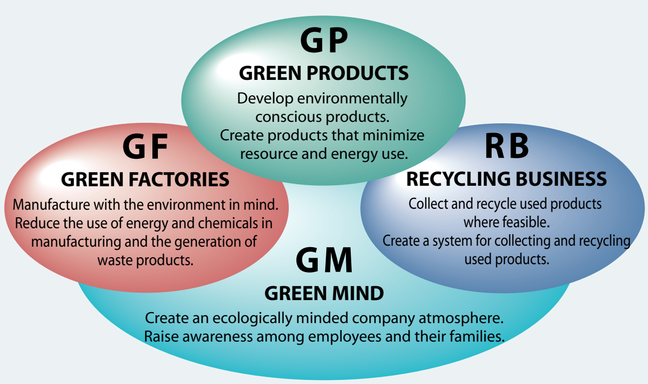
Sharp has also switched from gasoline-powered forklifts to electric versions at its distribution centers in order to restrict carbon dioxide emissions.

In other areas, Sharp has introduced railway container shipping, particularly for long-distance transportation routes, to replace the conventional use of trucks. Such moves contribute to the prevention of air pollution and global warming by restricting exhaust emissions.

Mind-Set Stage

Sharp undertakes education and training programs for its employees to aid the development of an eco-friendly company culture. In a proactive effort to promote environmental conservation activities that contribute to the well-being of society, throughout the entire Company, workers and management joined to formulate the “Sharp Green Club.” Through these activities, Sharp will foster an environmental-oriented mindset in all employees and promote improved communication with the peoples of local communities to build higher levels of trust.

3G-1R Strategy



The “Sharp Green Seal” for the products in Japan that meet Sharp’s environmental standards.

Established Sharp Charter of Conduct

The Company formulated the Sharp Business Standards and Action Guidelines for employees in August 1998 in keeping with its business philosophy, creed and strategy. Changes in the Company's operating environment, however, have led to an age that demands a greater corporate role and responsibility in society.

In response to ensure even higher levels of trust from society, Sharp conducted a review of these standards and guidelines, establishing the Sharp Charter of Conduct in April 2003, which articulates the code of conduct expected from each employee.

This charter outlines the social role and responsibilities of the Company to which all directors and employees must comply and put into practice throughout the Sharp Group.

Social Activities

Sharp conducts various activities at each business site and affiliated company both in Japan and overseas, aimed at contributing to the welfare of society and fulfilling the Company's responsibility as a top-level corporate citizen.

Main activities undertaken in fiscal 2002:

<Participation and sponsorship of various events>

- Events sponsored (The Yaita Takahara Marathon, Tochigi Prefecture, etc.)
- Activities for local schools (Employees and management donated Sharp products to six elementary schools in Fukuyama City, Hiroshima Prefecture, etc.)
- Sharp's facilities for employee welfare, including sports grounds and gyms, are available to the public.

<Support of cultural and artistic activities plus volunteer work>

- Beautifying the local environment (Volunteer environmental clean-up activities around all Sharp sites, etc.)
- Promoting environmental preservation mind (Various classes for parents and children, and cultivation of environmentally useful kenaf plants at business sites, etc.)
- Cooperating with governments and local people (The Ecomesse - Ecofair - Chiba event in "Makuhari New City," Volunteer Support Program in Taki, Mie Prefecture, and tree planting in Bangar, Tarlac, The Philippines, etc.)
- Accepting company and factory visits (Memorial and Technology Halls in Tenri and High-Tech Hall in Makuhari, etc.)

Sponsorship of the Yaita Takahara Marathon, Tochigi Prefecture

Advertisement for Ecomesse - Ecofair - Chiba

Volunteer tree planting (The Philippines)

For further details on Sharp's social and environmental activities, please see the Company's Environmental Report or access Sharp home page.

http://www.sharp.co.jp/corporate/eco/index.html

Product Line-up

Consumer/Information Products

Audio-Visual and Communication Equipment

- Color televisions
- LCD color televisions
- TV/VCR combos
- LCD projectors
- Digital broadcast receivers
- DVD recorders
- DVD players
- LCD camcorders
- VCRs
- 1-bit digital audio products
- MD players
- CD portable stereos
- CD component systems
- MD pickups
- Facsimiles
- Telephones
- Mobile phones
- PHS (Personal Handy-phone System) terminals

Home Appliances

- Refrigerators
- Microwave ovens
- Air conditioners
- Washing machines
- Drum-type washer/dryers
- Vacuum cleaners
- Kerosene heaters
- Electric heaters
- Home network control units
- Air purifiers
- Dehumidifiers
- Small cooking appliances

Information Equipment

- Personal computers
- Personal mobile tools
- Electronic dictionaries
- Calculators
- POS systems
- Handy data terminals
- Electronic cash registers
- Workstations
- LCD color monitors
- PC software
- Digital copier/printers
- Electrostatic copiers
- PC peripherals including color inkjet printers and color scanners
- Supplies for copiers and printers
- FA equipment
- CAD systems
- Ultrasonic cleaners

Electronic Components

ICs

- Flash memory
- Combination memory
- CCD and CMOS imagers
- LSIs for LCDs
- Analog ICs
- Microcomputers

LCDs

- TFT LCD display modules
- Duty LCD display modules
- System LCD display modules
- EL display modules

Other Electronic Components

- Electronic tuners
- RF/infrared data communication units
- Components for satellite broadcasting
- Laser diodes
- Hologram lasers
- DVD pickups
- Optoelectronics
- Regulators
- Switching power supplies
- Solar cells
- LEDs

Board of Directors

(As of July 1, 2003)

President
Katsuhiko Machida

Corporate Senior Executive Vice President
Shigeo Misaka

Corporate Senior Executive Vice President
Hiroshi Saji

Corporate Senior Executive Vice President
Zempei Tani

Corporate Senior Executive Director
Akihiko Kumagai

Corporate Senior Executive Director
Terumasa Yoneda

Corporate Senior Executive Director
Toshishige Hamano

Corporate Senior Executive Director
Keiichi Miyata

Corporate Senior Executive Director
Masaaki Ohtsuka

Corporate Executive Directors
Kensuke Yamada
Akira Mitarai
Toshiaki Urushisako
Yoichi Sakai
Shigeo Nakabu
Kenji Ohta

Corporate Directors
Toshiyuki Tajima
Hideaki Kamitsuma
Takashi Nakagawa
Yoshiaki Ibuchi
Masafumi Matsumoto
Itsuro Kato
Yoshiki Sano
Mikio Katayama
Takashi Okuda
Tetsuo Onishi
Tohru Okuda

Corporate Auditors
Tomohiro Gonda
Mitsuhiko Iwasaki

Statutory Auditors
Michihiro Ishii
Hiroshi Chumon

Financial Section

CONTENTS

Five-Year Financial Summary

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Domestic Sales	857,175	974,666	1,149,775	983,660	**1,057,405**	**8,885,756**
Overseas Sales	888,362	880,108	863,083	820,138	**945,805**	**7,947,941**
Operating Income	38,127	74,460	105,913	73,585	**99,466**	**835,849**
Income before Income Taxes and Minority Interests	11,281	54,007	70,724	19,863	**57,325**	**481,723**
Net Income	4,631	28,130	38,527	11,311	**32,594**	**273,899**
Shareholders' Equity	944,339	896,618	943,505	926,856	**902,116**	**7,580,807**
Total Assets	2,021,886	1,922,794	2,003,641	1,966,909	**2,004,832**	**16,847,328**
Capital Investment*1	100,146	98,051	162,393	147,478	**170,254**	**1,430,706**
Depreciation and Amortization	145,498	153,839	152,455	133,947	**145,818**	**1,225,361**
R&D Expenditures*2	135,095	146,845	149,722	144,744	**152,145**	**1,278,529**
Sales by Product Group*3						
Audio-Visual Equipment	418,812	400,190	389,464	—	—	—
Home Appliances	284,250	258,588	252,950	—	—	—
Communication and Information Equipment	551,023	586,932	641,438	—	—	—
Consumer/Information Products	1,254,085	1,245,710	1,283,852	—	—	—
Electronic Components	491,452	609,064	729,006	—	—	—
Total	1,745,537	1,854,774	2,012,858	—	—	—
Audio-Visual and Communication Equipment	—	—	629,870	655,679	**746,404**	**6,272,302**
Home Appliances	—	—	252,950	236,335	**223,890**	**1,881,429**
Information Equipment	—	—	401,032	382,062	**376,106**	**3,160,555**
Consumer/Information Products	—	—	1,283,852	1,274,076	**1,346,400**	**11,314,286**
ICs	—	—	180,604	116,099	**124,773**	**1,048,513**
LCDs	—	—	374,520	261,295	**346,646**	**2,912,991**
Other Electronic Components	—	—	173,882	152,328	**185,391**	**1,557,907**
Electronic Components	—	—	729,006	529,722	**656,810**	**5,519,411**
Total	—	—	2,012,858	1,803,798	**2,003,210**	**16,833,697**
Sales by Region*4						
Japan	857,175	974,666	1,149,775	983,660	—	—
North America	435,602	403,755	377,062	369,934	—	—
Asia	185,161	234,358	252,179	225,017	—	—
Europe	206,047	192,246	190,521	188,840	—	—
Other	61,552	49,749	43,321	36,347	—	—
Total	1,745,537	1,854,774	2,012,858	1,803,798	—	—
Japan	—	—	—	983,660	**1,057,405**	**8,885,756**
The Americas	—	—	—	370,490	**336,815**	**2,830,378**
Asia	—	—	—	174,017	**270,618**	**2,274,101**
Europe	—	—	—	188,840	**235,168**	**1,976,202**
Other	—	—	—	86,791	**103,204**	**867,260**
Total	—	—	—	1,803,798	**2,003,210**	**16,833,697**
Per Share of Common Stock*5	Yen					U.S. Dollars
Net Income	¥ 4.11	¥ 24.97	¥ 34.20	¥ 10.10	**¥ 29.37**	**$ 0.25**
Diluted Net Income	—	24.80	33.87	—	**29.15**	**0.24**
Cash Dividends	12.00	12.00	13.00	14.00	**15.00**	**0.13**
Shareholders' Equity	838.28	795.88	837.45	834.56	**827.51**	**6.95**
Other Financial Data						
Return on Equity (ROE)	0.5%	3.1%	4.2%	1.2%	**3.6%**	—
Return on Assets (ROA)	0.2%	1.4%	2.0%	0.6%	**1.6%**	—
Percentage of Shareholders' Equity	46.7%	46.6%	47.1%	47.1%	**45.0%**	—

*1 The amount of properties for lease is included in capital investment.

*2 Design and development expenses are included in R&D expenditures.

*3 For the year ended March 31, 2002 contents of Product Group have been recategorized and changed from Audio-Visual Equipment, Home Appliances, Communication and Information Equipment, and Electronics Components to Audio-Visual and Communication Equipment, Home Appliances, Information Equipment, ICs, LCDs and Other Electronic Components.
For the year ended March 31, 2003, some items previously included in Audio-Visual and Communication Equipment have been recategorized and are included in Information Equipment.
In this connection, "Sales by Product Group" of 2001 and 2002 have been restated to conform with the 2003 presentation.

*4 For the year ended March 31, 2003, the Company recategorized its segmentation for "Overseas sales" information. Consequently "China", which had been previously included in "Asia" segment, was reclassified into "Other" segment. "Central & South America", which had been previously included in "Other" segment, was combined with "North America" into "The Americas" segment.
In this connection, "Sales by Region" information of 2002 has been restated to conform with the 2003 presentation.

*5 Effective April 1, 2002, the Company adopted the new accounting standard for earnings per share and related guidance (Accounting Standards Board Statement No.2, "Accounting Standard for Earnings Per Share" and Financial Standards Implementation Guidance No.4, "Implementation Guidance for Accounting Standard for Earnings Per Share").

Financial Review

Sharp Corporation and Consolidated Subsidiaries

Operations

[Outline]

Consolidated net sales for the year ended March 31, 2003 were up 11.1% in comparison with the previous fiscal year, to ¥2,003,210 million. In Consumer/Information Products, sales of Audio-Visual and Communication Equipment increased, however, sales of Home Appliances and Information Equipment decreased. Sales in all three groups in the Electronic Components segment, namely, ICs, LCDs and Other Electronic Components, increased over the previous year.

[Sales by Product Group]

Consumer/Information Products

● *Audio-Visual and Communication Equipment*

Sales of LCD color televisions increased through a bolstered product line-up which included a new 37V-inch model. As for camera-equipped mobile phones, we commenced sales to NTT DoCoMo, Inc. in addition to J-PHONE Co., Ltd. in Japan. Overseas, Sharp strove to expand its business by selling models to Vodafone Group Plc in Europe. Despite lower sales of camcorders, VCRs and facsimiles, total sales increased 13.8% over the previous year, to ¥746,404 million.

● *Home Appliances*

Sharp expanded its line-up of unique products, including: air conditioners and air purifiers, incorporating Plasmacluster Ion technology, which inactivates airborne viruses; fully automatic washing machines that use silver ions to inactivate bacteria and make clothes odor-proof; and, dishwashers that use salt to make ionized hard water for extra cleanness. However, due to a market price decline in both Japan and overseas, total sales were ¥223,890 million, a decrease of 5.3% from the previous year.

● *Information Equipment*

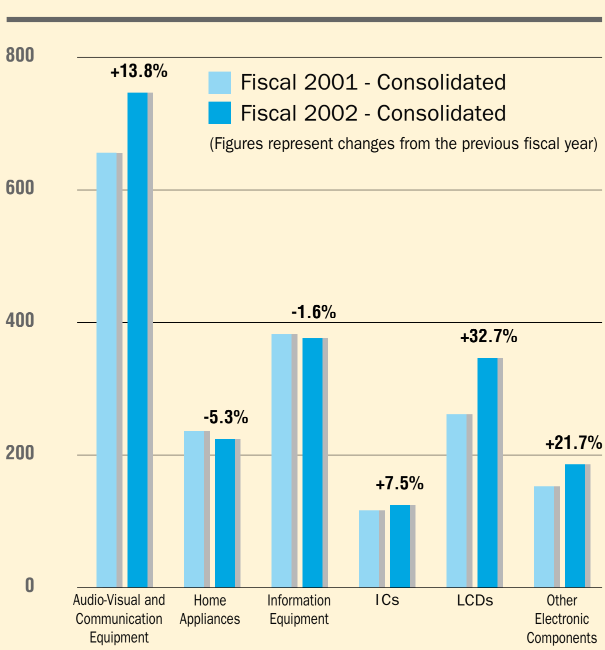
Sales of LCD color monitors increased steadily. Sharp also strove to strengthen its line-up of digital copiers/printers with new color copiers/printers and models with data security functions. Despite these efforts, however, due to the downturn in conventional products, sales were ¥376,106 million, a decrease of 1.6% from the previous year.

Electronic Components

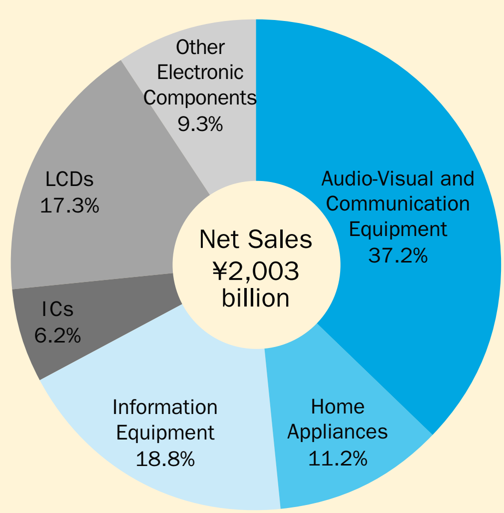
● *ICs*

In CCD and CMOS imagers, Sharp increased its production capacity to meet growing demand in the markets for camera-

Sales by Product Group
(billions of yen)



Contribution to Sales by Product Group
(Year ended March 31, 2003)



equipped mobile phones and digital still cameras. Sharp also pursued expansion of its flash memory business through the development of high-capacity models, Sharp's forte, in accordance with increased sophistication in mobile phones. As a result, total sales were ¥124,773 million, an increase of 7.5% over the previous year.

● *LCDs*

In large-size LCDs, Sharp increased sales of ASV LCD panels with wide-viewing-angle and high-response-speed, suitable for motion pictures. In small- and medium-size LCDs, Sharp commenced mass-production of revolutionary System LCDs in addition to expanding sales of high-value-added LCDs, such as Advanced TFT LCDs with reflexive and transmissive features especially applicable for mobile phones. These efforts attributed to a 32.7% increase in sales over the previous year, to ¥346,646 million.

● *Other Electronic Components*

Sharp established the world's largest production capacity for solar cells in response to growing demand in domestic and overseas markets due to increasing interest in the global environment. Furthermore, sales of laser diodes increased as operations at the new Mihara Plant commenced. The result was net sales of ¥185,391 million, an increase of 21.7% over the previous year.

Financial Results

Cost of sales increased by ¥169,230 million over the previous year, to ¥1,509,912 million, while the cost of sales ratio rose from 74.3% to 75.4%.

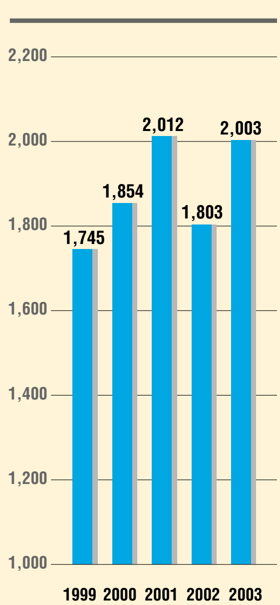
Selling, general and administrative (SG&A) expenses increased by ¥4,301 million, to ¥393,832 million, while the SG&A expenses ratio against sales improved from 21.6%, to 19.6%. SG&A expenses included advertising expenses of ¥39,435 million and employees' salaries and other benefits of ¥113,169 million.

As a result, operating Income increased ¥25,881 million, to ¥99,466 million, and the operating income ratio improved from 4.1% to 5.0%.

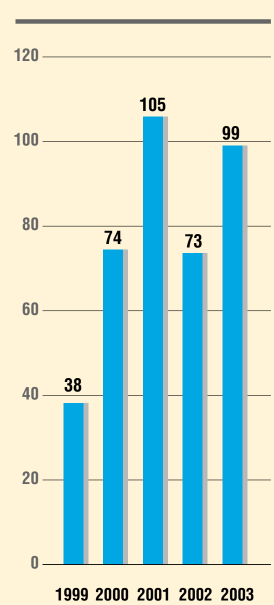
Other expenses, net of other income, decreased ¥11,581 million, to other net loss of ¥42,141 million. This includes a gain on return of substituted portion of the employees' pension fund of ¥7,961 million, and loss on sales and impairment of investments in securities of ¥29,689 million.

Income before income taxes and minority interests

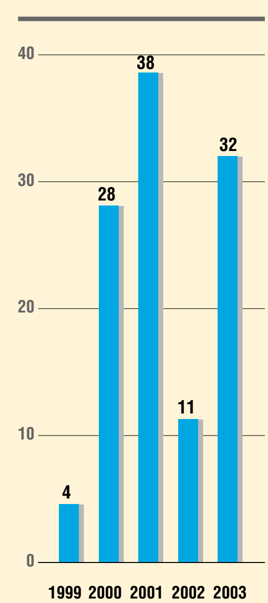
Net Sales
(billions of yen)



Operating Income
(billions of yen)



Net Income
(billions of yen)



increased ¥37,462 million, to ¥57,325 million. Net income for the year was ¥32,594 million, an increase of ¥21,283 million over the previous year. Net income per share of common stock was ¥29.37.

Segment Information

[By Business Segment]

Net sales in the Consumer/Information Products segment increased 5.7% over the previous year, to ¥1,352,397 million. Operating income increased 25.3%, to ¥43,646 million.

Net sales in the Electronic Components segment increased 26.8% over the previous year, to ¥793,677 million, while operating income increased 51.1%, to ¥56,315 million.

[By Geographic Segment]

In Japan, despite the negative impact of a fall in market prices in home appliances and decreased sales of conventional AV equipment, including camcorders and VCRs, Sharp achieved strong sales of LCD color televisions, camera-equipped mobile phones and LCDs. As a result, sales were ¥1,708,338 million, an increase of 13.0% over the previous year, and operating income increased 42.8%, to ¥82,792 million.

In The Americas, solid sales of LCD color televisions and LCDs were offset by weak demand for other AV equipment, microwave ovens and ICs. Consequently, sales decreased 7.6%, to ¥320,928 million, with a 50.2% decline in operating income, to ¥3,382 million.

Sales in Asia increased 22.2%, to ¥271,986 million, and operating income increased 16.2%, to ¥3,422 million, mainly due to a significant increase in sales of LCDs.

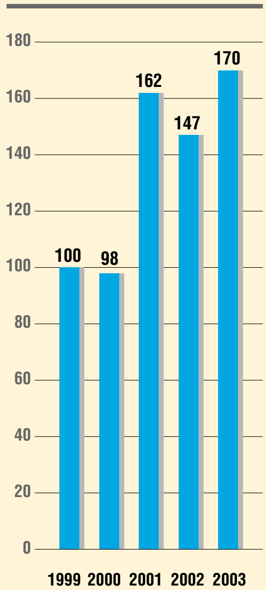
In Other, Sharp achieved extremely steady sales of mobile phones and LCDs in Europe, resulting in an increase in sales of 26.5%, to ¥364,461 million, and an increase in operating profit of 27.8%, to ¥7,993 million.

Capital Investment* and Depreciation

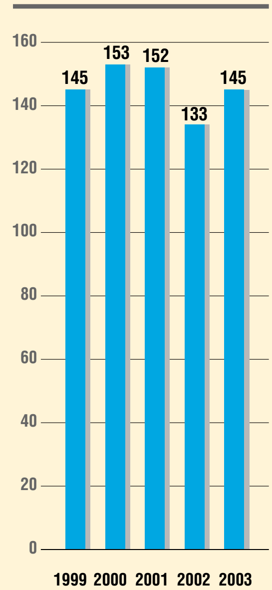
Capital investment for the year was ¥170,254 million, an increase of 15.4% over the previous year. The majority of this was invested as follows: establishing production capacities for System LCDs at the Tenri Plant and the Mie No. 3 Plant; promoting miniaturization of design rule for flash memory at the Fukuyama No. 4 Plant; establishing an integrated manufacturing plant for LCD color televisions at the Kameyama Plant; and, expanding production for solar cells at the Shinjo No. 3 Plant.

With regard to capital investment by segment,

Capital Investment
(billions of yen)



Depreciation and Amortization
(billions of yen)



Consumer/Information Products was ¥27,734 million and Electronic Components was ¥142,520 million.

Depreciation and amortization for the year increased 8.9%, to ¥145,818 million.

*The amount of properties for lease is included in capital investment.

Financial Position

Total assets increased ¥37,923 million over the previous year, to ¥2,004,832 million.

[Assets]

Current assets increased ¥26,451 million over the previous year, to ¥1,110,475 million. Cash and cash equivalents, and notes and accounts receivable increased by ¥40,308 million and ¥6,587 million, respectively, while short-term deferred tax assets in other current assets increased ¥9,121 million. Conversely, short-term investments, including certificates of deposits over three months and corporate bonds and others, decreased ¥29,920 million from the previous year. Inventories increased ¥203 million, to ¥284,964 million, while the inventory ratio against monthly turnover improved from 1.9 to 1.7. Finished products increased ¥2,992 million, to ¥175,338 million. Work in process decreased ¥5,287 million, to ¥52,172 million. Raw materials increased ¥2,498 million, to ¥57,454 million.

Plant and equipment increased ¥35,743 million, to ¥672,987 million. This increase was due to significant investment mainly in LCDs and others.

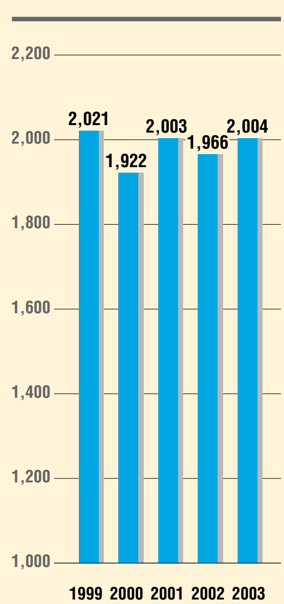
Investments and other assets were ¥221,370 million, a decrease of ¥24,271 million, reflecting decreases in investments in securities and long-term prepaid expenses and other.

[Liabilities]

Current liabilities increased ¥4,946 million from the previous year, to ¥818,408 million. Short-term borrowings decreased ¥77,510 million, to ¥242,545 million, which is primarily composed of bank loans of ¥109,429 million, a decrease of ¥13,759 million, commercial paper of ¥104,747 million, a decrease of ¥13,716 million, and current portion of long-term debt of ¥28,240 million, a decrease of ¥48,809 million. Notes and accounts payable were ¥404,478 million, an increase of ¥41,102 million, while the ratio against monthly turnover remained at 2.4 months.

Long-term liabilities were ¥275,454 million, an increase of

Total Assets
(billions of yen)



¥59,493 million over the previous year. This was mainly due to an increase in long-term debt of ¥58,199 million resulting from the issuance of straight corporate bonds and others.

Interest-bearing debt decreased ¥18,085 million, to ¥501,405 million.

[Shareholders' Equity]

Retained earnings increased ¥15,708 million over the previous year, to ¥507,871 million, mainly due to the increase in net income. Treasury stock increased ¥26,565 million, to ¥26,724 million, due to the acquisition of 20 million outstanding shares during the year. Foreign currency fluctuations during the fiscal year had an adverse effect on foreign currency translation adjustments. As a result, total shareholders' equity fell ¥24,740 million, to ¥902,116 million, while the equity ratio decreased to 45.0%.

[Cash Flows]

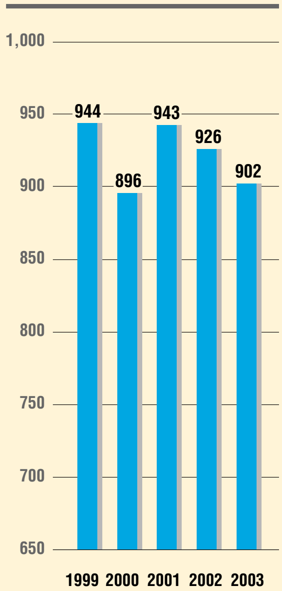
Cash and cash equivalents at the end of the year were ¥271,712 million, an increase of ¥40,308 million over the previous year, due to an increase in net cash provided by operating activities which compensated for the year's capital investment and the acquisition of treasury stock.

Net cash provided by operating activities was ¥269,130 million, mainly as a result of income before income taxes and minority interests of ¥57,325 million and depreciation and amortization of properties and intangibles of ¥134,975 million.

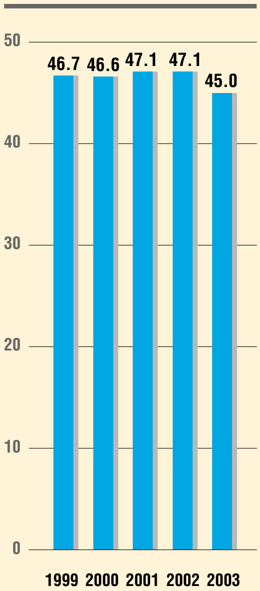
Net cash used in investing activities was ¥165,833 million, primarily resulting from expenditures related to acquisitions of plant and equipment of ¥171,703 million.

Net cash used in financing activities was ¥57,847 million, mainly due to the purchase of treasury stock of ¥26,565 million and dividend payments of ¥15,453 million.

Shareholders' Equity
(billions of yen)



Percentage of Shareholders' Equity
(%)



Consolidated Balance Sheets

Sharp Corporation and Consolidated Subsidiaries as of March 31, 2002 and 2003

ASSETS

	Yen (millions)		U.S. Dollars (thousands)
	2002	**2003**	**2003**
Current Assets:			
Cash and cash equivalents	¥ 231,404	**¥ 271,712**	**$ 2,283,294**
Time deposits	16,201	**15,475**	**130,042**
Short-term investments (Note 2)	125,539	**95,619**	**803,521**
Notes and accounts receivable—			
Trade	325,514	**322,542**	**2,710,437**
Installment	22,219	**26,725**	**224,580**
Nonconsolidated subsidiaries and affiliates	13,509	**18,865**	**158,530**
Allowance for doubtful receivables	(4,196)	**(4,499)**	**(37,807)**
Inventories (Note 3)	284,761	**284,964**	**2,394,655**
Other current assets (Note 4)	69,073	**79,072**	**664,471**
Total current assets	1,084,024	**1,110,475**	**9,331,723**
Plant and Equipment, at cost (Note 6):			
Land	48,219	**50,325**	**422,899**
Buildings and structures	453,511	**474,732**	**3,989,344**
Machinery and equipment	1,262,977	**1,370,765**	**11,519,034**
Construction in progress	79,993	**55,442**	**465,899**
	1,844,700	**1,951,264**	**16,397,176**
Less-Accumulated depreciation	(1,207,456)	**(1,278,277)**	**(10,741,823)**
	637,244	**672,987**	**5,655,353**
Investments and Other Assets:			
Investments in securities (Note 2)	116,309	**98,663**	**829,101**
Investments in nonconsolidated subsidiaries and affiliates	18,164	**16,638**	**139,815**
Prepaid expenses and other (Note 4)	111,168	**106,069**	**891,336**
	245,641	**221,370**	**1,860,252**
	¥ 1,966,909	**¥ 2,004,832**	**$16,847,328**

The accompanying notes to consolidated financial statements are an integral part of these statements.

LIABILITIES AND SHAREHOLDERS' EQUITY

	Yen (millions)		U.S. Dollars (thousands)
	2002	**2003**	**2003**
Current Liabilities:			
Short-term borrowings, including current portion of long-term debt (Note 5)	¥ 320,055	¥ **242,545**	$ **2,038,193**
Notes and accounts payable—			
Trade	299,930	**343,054**	**2,882,807**
Construction and other	56,396	**54,128**	**454,857**
Nonconsolidated subsidiaries and affiliates	7,050	**7,296**	**61,311**
Accrued expenses	108,360	**110,453**	**928,176**
Income taxes (Note 4)	3,288	**39,957**	**335,773**
Other current liabilities (Note 4)	18,383	**20,975**	**176,261**
Total current liabilities	813,462	**818,408**	**6,877,378**
Long-term Liabilities:			
Long-term debt (Note 5)	200,790	**258,989**	**2,176,378**
Allowance for severance and pension benefits (Note 9)	9,314	**9,926**	**83,412**
Other long-term liabilities (Note 4)	5,857	**6,539**	**54,950**
	215,961	**275,454**	**2,314,740**
Minority Interests	10,630	**8,854**	**74,403**
Contingent Liabilities (Note 8)			
Shareholders' Equity (Note 7):			
Common stock:			
Authorized —1,982,607 thousand shares in 2002 and 1,982,607 thousand shares in 2003			
Issued —1,110,699 thousand shares in 2002 and 1,110,699 thousand shares in 2003	204,676	**204,676**	**1,719,966**
Additional paid-in capital	261,415	**261,415**	**2,196,765**
Retained earnings	492,163	**507,871**	**4,267,824**
Net unrealized holding losses on securities	(5,340)	**(2,803)**	**(23,555)**
Foreign currency translation adjustments	(25,899)	**(42,319)**	**(355,622)**
Less-Cost of treasury stock:			
101,521 shares in 2002 and 20,844,711 shares in 2003	(159)	**(26,724)**	**(224,571)**
Total shareholders' equity	926,856	**902,116**	**7,580,807**
	¥ 1,966,909	¥ **2,004,832**	**$16,847,328**

Consolidated Statements of Income

Sharp Corporation and Consolidated Subsidiaries for the Years ended March 31, 2002 and 2003

	Yen (millions)		U.S. Dollars (thousands)
	2002	**2003**	**2003**
Net Sales	¥ 1,803,798	**¥ 2,003,210**	**$16,833,697**
Cost of Sales	1,340,682	**1,509,912**	**12,688,336**
Gross profit	463,116	**493,298**	**4,145,361**
Selling, General and Administrative Expenses	389,531	**393,832**	**3,309,512**
Operating income	73,585	**99,466**	**835,849**
Other Income (Expenses):			
Interest and dividends income	7,291	**5,642**	**47,412**
Interest expense	(9,626)	**(7,673)**	**(64,479)**
Loss on sales of investments in securities	(24,549)	**(21,122)**	**(177,496)**
Loss on impairment of investments in securities	(1,047)	**(8,567)**	**(71,992)**
Gain on return of substituted portion of employee pension fund (Note 9)	—	**7,961**	**66,899**
Other, net	(25,791)	**(18,382)**	**(154,470)**
	(53,722)	**(42,141)**	**(354,126)**
Income before income taxes and minority interests	19,863	**57,325**	**481,723**
Income Taxes (Note 4):			
Current	12,378	**43,122**	**362,370**
Deferred	(3,909)	**(18,796)**	**(157,950)**
	8,469	**24,326**	**204,420**
Income before minority interests	11,394	**32,999**	**277,303**
Minority Interests in Income of Consolidated Subsidiaries	(83)	**(405)**	**(3,404)**
Net Income	¥ 11,311	**¥ 32,594**	**$ 273,899**

	Yen		U.S. Dollars
	2002	**2003**	**2003**
Per Share of Common Stock (Note 7):			
Net income	¥ 10.10	**¥ 29.37**	**$ 0.25**
Diluted net income	—	**29.15**	**0.24**
Cash dividends	14.00	**15.00**	**0.13**

The accompanying notes to consolidated financial statements are an integral part of these statements.

Consolidated Statements of Shareholders' Equity

Sharp Corporation and Consolidated Subsidiaries for the Years ended March 31, 2002 and 2003

	Number of Shares (thousands)		Yen (millions)		U.S. Dollars (thousands)
	2002	**2003**	2002	**2003**	**2003**
Common Stock (Note 7):					
Beginning balance	1,126,652	**1,110,699**	¥ 204,095	**¥ 204,676**	**$ 1,719,966**
Conversion of convertible bonds	1,440	**—**	581	**—**	**—**
Purchase and retirement of treasury stock	(17,393)	**—**	—	**—**	**—**
Ending balance	1,110,699	**1,110,699**	¥ 204,676	**¥ 204,676**	**$ 1,719,966**
Additional Paid-in Capital (Note 7):					
Beginning balance			¥ 282,768	**¥ 261,415**	**$ 2,196,765**
Conversion of convertible bonds			579	**—**	**—**
Purchase and retirement of treasury stock			(21,932)	**—**	**—**
Ending balance			¥ 261,415	**¥ 261,415**	**$ 2,196,765**
Retained Earnings (Note 7):					
Beginning balance			¥ 496,802	**¥ 492,163**	**$ 4,135,824**
Net income			11,311	**32,594**	**273,899**
Cash dividends paid			(15,714)	**(15,463)**	**(129,941)**
Directors' and statutory auditors' bonuses			(236)	**(152)**	**(1,277)**
Decrease in retained earnings resulting from change in accounting standards of overseas consolidated subsidiaries			—	**(1,271)**	**(10,681)**
Ending balance			¥ 492,163	**¥ 507,871**	**$ 4,267,824**
Net Unrealized Holding Losses on Securities:					
Beginning balance			¥ —	**¥ (5,340)**	**$ (44,874)**
Net increase			(5,340)	**2,537**	**21,319**
Ending balance			¥ (5,340)	**¥ (2,803)**	**$ (23,555)**
Foreign Currency Translation Adjustments:					
Beginning balance			¥ (40,150)	**¥ (25,899)**	**$ (217,639)**
Net increase			14,251	**(16,420)**	**(137,983)**
Ending balance			¥ (25,899)	**¥ (42,319)**	**$ (355,622)**
Treasury Stock:					
Beginning balance			¥ (10)	**¥ (159)**	**$ (1,336)**
Net increase			(149)	**(26,565)**	**(223,235)**
Ending balance			¥ (159)	**¥ (26,724)**	**$ (224,571)**

The accompanying notes to consolidated financial statements are an integral part of these statements.

Consolidated Statements of Cash Flows

Sharp Corporation and Consolidated Subsidiaries for the Years ended March 31, 2002 and 2003

	Yen (millions)		U.S. Dollars (thousands)
	2002	**2003**	**2003**
Cash Flows from Operating Activities:			
Income before income taxes and minority interests	¥ 19,863	**¥ 57,325**	**$ 481,723**
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities—			
Depreciation and amortization of properties and intangibles	121,172	**134,975**	**1,134,244**
Interest and dividends income	(7,291)	**(5,642)**	**(47,412)**
Interest expense	9,626	**7,673**	**64,479**
Foreign exchange loss	4,204	**2,909**	**24,445**
Loss on sales and disposal of plant and equipment	6,790	**3,803**	**31,958**
(Increase) decrease in notes and accounts receivable	52,297	**(7,023)**	**(59,017)**
Increase in inventories	(3,616)	**(5,500)**	**(46,219)**
Increase (decrease) in payable	(26,285)	**43,836**	**368,370**
Other, net	1,838	**42,906**	**360,555**
Total	178,598	**275,262**	**2,313,126**
Interest and dividends received	7,875	**6,042**	**50,773**
Interest paid	(10,586)	**(7,694)**	**(64,655)**
Income taxes paid	(36,819)	**(4,480)**	**(37,647)**
Net cash provided by operating activities	139,068	**269,130**	**2,261,597**
Cash Flows from Investing Activities:			
Purchase of time deposits	(307,893)	**(50,275)**	**(422,479)**
Proceeds from redemption of time deposits	313,021	**50,914**	**427,849**
Purchase of short-term investments	(4,651)	**(1,427)**	**(11,992)**
Proceeds from sales of short-term investments	34,166	**25,161**	**211,437**
Acquisitions of plant and equipment	(194,291)	**(171,703)**	**(1,442,882)**
Proceeds from sales of plant and equipment	2,747	**2,702**	**22,706**
Purchase of investments in securities and investments in nonconsolidated subsidiaries and affiliates	(54,402)	**(64,891)**	**(545,303)**
Proceeds from sales of investments in securities and investments in nonconsolidated subsidiaries and affiliates	23,996	**39,936**	**335,597**
Loans made	(12,756)	**(20,468)**	**(172,000)**
Proceeds from collection of loans	13,720	**18,217**	**153,084**
Other, net	22,249	**6,001**	**50,428**
Net cash used in investing activities	(164,094)	**(165,833)**	**(1,393,555)**
Cash Flows from Financing Activities:			
(Decrease) increase in short-term borrowings, net	63,746	**(25,030)**	**(210,336)**
Proceeds from long-term debt	36,588	**92,432**	**776,739**
Repayments of long-term debt	(30,042)	**(82,905)**	**(696,681)**
Purchase of treasury stock	(22,214)	**(26,565)**	**(223,235)**
Dividends paid	(15,701)	**(15,453)**	**(129,857)**
Other, net	(238)	**(326)**	**(2,739)**
Net cash provided by (used in) financing activities	32,139	**(57,847)**	**(486,109)**
Effect of Exchange Rate Changes on Cash and Cash Equivalents	2,618	**(5,555)**	**(46,681)**
Net Increase in Cash and Cash Equivalents	9,731	**39,895**	**335,252**
Cash and Cash Equivalents at Beginning of Year	221,673	**231,404**	**1,944,571**
Cash and Cash Equivalents of a Newly Consolidated Subsidiary	—	**413**	**3,471**
Cash and Cash Equivalents at End of Year	¥ 231,404	**¥ 271,712**	**$ 2,283,294**
Noncash Investing and Financing Activities:			
Increase in common stock and additional paid-in capital on conversion of convertible bonds	¥ 1,160	**¥ —**	**$ —**

The accompanying notes to consolidated financial statements are an integral part of these statements.

Notes to Consolidated Financial Statements

Sharp Corporation and Consolidated Subsidiaries

1. Summary of Significant Accounting and Reporting Policies

(a) Basis of presenting consolidated financial statements

Sharp Corporation (the "Company") and its domestic consolidated subsidiaries maintain their official accounting records in Japanese yen and in accordance with the provisions set forth in the Japanese Commercial Code and the Securities and Exchange Law and accounting principles and practices generally accepted in Japan ("Japanese GAAP"). The accounts of overseas consolidated subsidiaries are based on their accounting records maintained in conformity with generally accepted accounting principles and practices prevailing in the respective countries of domicile. Certain accounting principles and practices generally accepted in Japan are different from International Accounting Standards and standards in other countries in certain respects as to application and disclosure requirements. Accordingly, the accompanying consolidated financial statements are intended for use by those who are informed about Japanese GAAP.

The accompanying consolidated financial statements have been restructured and translated into English (with some expanded descriptions and the inclusion of consolidated statements of shareholders' equity) from the consolidated financial statements of the Company prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Securities and Exchange Law. Some supplementary information included in the statutory Japanese language consolidated financial statements, but not required for fair presentation is not presented in the accompanying consolidated financial statements.

The translation of the Japanese yen amounts into U.S. dollars is included solely for the convenience of readers, using the prevailing exchange rate at March 31, 2003, which was ¥119 to U.S. $1.00. The convenience translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other rate of exchange.

(b) Principles of consolidation

The accompanying consolidated financial statements include the accounts of the Company and significant companies over which the Company has power of control through majority voting right or existence of certain conditions evidencing control by the Company. Investments in nonconsolidated subsidiaries and affiliates over which the Company has the ability to exercise significant influence over operating and financial policies of the investees, are accounted for on the equity method.

In the elimination of investments in consolidated subsidiaries, the assets and liabilities of the subsidiaries, including the portion attributable to minority shareholders, are evaluated using the fair value at the time the Company acquired control of the respective subsidiaries.

Material intercompany balances, transactions and profits have been eliminated in consolidation.

(c) Translation of foreign currencies

Monetary assets and liabilities denominated in foreign currency are translated into Japanese yen at current rates at each balance sheet date and the resulting translation gains or losses are charged to income currently.

As to translation of financial statements of overseas subsidiaries and affiliates, assets and liabilities are translated at current rates at each balance sheet date, shareholders' equity accounts are translated at historical rates, and revenues and expenses are translated at average rates prevailing during the year. The resulting foreign currency translation adjustments are shown as a separate component of shareholders' equity.

(d) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits placed with banks on demand and highly liquid investments with insignificant risk of changes in value which have maturities of three months or less when purchased.

(e) Short-term investments and investments in securities

Short-term investments consist of certificates of deposits and interest-bearing securities.

Investments in securities consist principally of marketable and nonmarketable equity securities and

interest-bearing securities.

The Company and its domestic consolidated subsidiaries categorize those securities as “other securities”, which, in principle, include all securities other than trading securities and held-to-maturity securities.

Effective April 1, 2001, other securities with fair market value are stated at fair market value which is calculated as the average of market price during the last month of the fiscal year. Unrealized holding gains and losses on these securities are reported, net of applicable income taxes, as a separate component of shareholders’ equity. Realized gains and losses on sales of such securities are principally computed using average cost.

Other securities with no fair market value are stated at average cost, except for interest-bearing securities which are stated at amortized cost, net of the amount considered not collectible.

If the fair market value of other securities declines significantly, such securities are stated at fair market value and the difference between fair market value and the carrying amount is recognized as loss in the period of decline. If the net asset value of other securities, except for interest-bearing securities, with no fair market value declines significantly, such securities are written down to the net asset value by charging to income. In these cases, such fair market value or the net asset value is carried forward to the next year.

(f) Leases

Finance leases, except those leases for which the ownership of the leased assets is considered to be transferred to the lessee, are primarily accounted for as operating leases.

(g) Inventories

Finished products are principally stated at the lower of moving average cost or market, however, finished products held by overseas consolidated subsidiaries are valued at the lower of first-in, first-out cost or market. Work in process and raw materials are stated at the current production and purchase costs, respectively, not in excess of estimated realizable value.

(h) Depreciation and amortization

Depreciation of plant and equipment is primarily computed on the declining-balance method over the estimated useful lives. Buildings acquired by the Company and its domestic consolidated subsidiaries on and after April 1, 1998 are depreciated on the straight-line method.

Maintenance and repairs including minor renewals and betterments are charged to income as incurred.

(i) Accrued bonuses

The Company and its domestic consolidated subsidiaries accrue estimated amounts of employees’ bonuses based on estimated amounts to be paid in the subsequent period.

(j) Income taxes

The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

(k) Severance and pension benefits

The Company and its domestic consolidated subsidiaries have primarily a trusteed noncontributory defined benefit pension plan for their employees with at least five years of service to supplement a governmental welfare pension plan.

In addition, the Company and its domestic consolidated subsidiaries have an unfunded termination and retirement allowance plan to provide benefits for their employees with less than five years of service.

Certain overseas consolidated subsidiaries have defined contribution pension plans and lump-sum retirement benefit plans.

Effective April 1, 2001, the Company and its domestic consolidated subsidiaries adopted the new accounting standard, “Opinion Concerning the Establishment of Accounting Standard for Retirement Benefits” (the “New Accounting Standard”).

Under the New Accounting Standard, projected benefit obligation and expenses for severance and pension benefits are

determined based on the amounts actuarially calculated using certain assumptions.

The Company and its domestic consolidated subsidiaries provide the allowance for severance and pension benefits based on the estimated amounts of projected benefit obligation and the fair value of the plan assets at the balance sheet date.

The excess of the projected benefit obligation over the total of the fair value of pension assets as of April 1, 2001 and the allowance for severance and pension benefits recorded as of April 1, 2001 (the "net transition obligation") amounted to ¥69,090 million ($580,588 thousand). The net transition obligation is being amortized in equal amounts over 7 years commencing with the year ended March 31, 2002. Actuarial losses are recognized in expenses using the straight-line method over the average of the estimated remaining service lives (16 years) commencing with the following period.

In conformity with the recently enacted Defined Benefit Corporate Pension Law, the Company and its certain domestic consolidated subsidiaries obtained the approval from the Minister of Health, Labor and Welfare on August 13, 2002 for an exemption from the future benefit obligation related to the substituted government's portion of pension benefits provided by social welfare pension funds.

The Company and its certain domestic subsidiaries, on the approval date, recognized the relinquishment of the substituted portion of benefit obligation of welfare pension funds and the corresponding portion of plan assets in accordance with the transitional measures prescribed in Article 47-2 "Practical Guidelines of Accounting for Retirement Benefits (Interim Report)" issued by the Japanese Institute of Certified Public Accountants.

The effect of adopting the Guidelines is stated in Note 9. Employees' Severance and Pension Benefits.

Directors and statutory auditors customarily receive lump-sum payments upon their termination, subject to shareholders' approval. Such payments are charged to income when paid.

(l) Research and development expenses and software costs

Research and development expenses are charged to income as incurred. The research and development expenses charged to income amounted to ¥125,941 million and ¥134,183 million ($1,127,588 thousand) for the years ended March 31, 2002 and 2003, respectively.

The software costs are recorded principally in prepaid expenses and other and amortized by the straight-line method over estimated useful lives of principally 5 years.

(m) Derivative financial instruments

The Company and some of its consolidated subsidiaries use derivative financial instruments, which include foreign exchange forward contracts and interest rate swap agreements, in order to hedge risks of fluctuations in foreign currency exchange rates and interest rates associated with assets and liabilities denominated in foreign currencies, investments in securities and debt obligations.

All derivative financial instruments are stated at fair value and recorded on the balance sheets. The deferred method is used for recognizing gains or losses on hedging instruments and the hedged items. When foreign exchange forward contracts meet certain conditions, the hedged items are stated by the forward exchange contract rates.

The derivative financial instruments are used based on internal policies and procedures on risk control.

The risks of fluctuations in foreign currency exchange rates and interest rates have been assumed to be completely hedged over the period of hedging contracts as the major conditions of the hedging instruments and the hedged items are consistent. Accordingly, the evaluation of effectiveness of the hedging contracts is not required.

The credit risk of such derivatives is assessed as being low because the counter-parties of these transactions are prestigious financial institutions.

(n) Reclassifications

Certain prior year amounts have been reclassified to conform to 2003 presentation. These changes had no impact on previously reported results of operations.

2. Short-term Investments and Investments in Securities

The following is a summary of other securities with fair market value as of March 31, 2002 and 2003:

	Yen (millions)			
	2003			
	Acquisition cost	Unrealized gains	Unrealized losses	Fair market value
Equity securities	**¥ 36,546**	**¥ 2,809**	**¥ (7,500)**	**¥ 31,855**
	¥ 36,546	**¥ 2,809**	**¥ (7,500)**	**¥ 31,855**

	U.S. Dollars (thousands)			
	2003			
	Acquisition cost	Unrealized gains	Unrealized losses	Fair market value
Equity securities	**$ 307,109**	**$ 23,605**	**$ (63,025)**	**$ 267,689**
	$ 307,109	**$ 23,605**	**$ (63,025)**	**$ 267,689**

	Yen (millions)			
	2002			
	Acquisition cost	Unrealized gains	Unrealized losses	Fair market value
Equity securities	¥ 57,456	¥ 8,414	¥ (17,637)	¥ 48,233
	¥ 57,456	¥ 8,414	¥ (17,637)	¥ 48,233

Amounts of redemption of other securities with maturities as of March 31, 2002 and 2003 were as follows:

	Yen (millions)		U.S. Dollars (thousands)
	2002	**2003**	**2003**
Government Bonds:			
Due within one year	¥ —	**¥ —**	**$ —**
Due after one year through five years	7	**5**	**42**
Due after five years through ten years	—	**—**	**—**
Due over ten years	—	**—**	**—**
Corporate Bonds:			
Due within one year	25,539	**10,619**	**89,235**
Due after one year through five years	51,990	**36,277**	**304,849**
Due after five years through ten years	6	**6**	**50**
Due over ten years	—	**—**	**—**
Convertible Bonds:			
Due within one year	—	**—**	**—**
Due after one year through five years	30	**30**	**252**
Due after five years through ten years	—	**—**	**—**
Due over ten years	—	**—**	**—**
Other:			
Due within one year	—	**1,189**	**9,992**
Due after one year through five years	—	**—**	**—**
Due after five years through ten years	—	**—**	**—**
Due over ten years	—	**—**	**—**

The proceeds from sales of other securities were ¥23,961 million and ¥39,878 million ($335,109 thousand) for the years ended March 31, 2002 and 2003, respectively. The gross realized gains on those sales were ¥629 million and ¥42 million ($353 thousand) for the years ended March 31, 2002 and 2003, respectively. The gross realized losses on those sales were ¥26,290 million and ¥23,559 million ($197,975 thousand) for the years ended March 31, 2002 and 2003, respectively.

Other securities with no fair market value principally consisted of unlisted interest-bearing securities whose carrying amounts were ¥78,018 million and ¥47,294 million ($397,429 thousand) as of March 31, 2002 and 2003, respectively.

3. Inventories

Inventories as of March 31, 2002 and 2003 were as follows:

	Yen (millions)		U.S. Dollars (thousands)
	2002	**2003**	**2003**
Finished products	¥ 172,346	**¥ 175,338**	**$ 1,473,428**
Work in process	57,459	**52,172**	**438,420**
Raw materials	54,956	**57,454**	**482,807**
	¥ 284,761	**¥ 284,964**	**$ 2,394,655**

4. Income Taxes

The Company is subject to a number of different income taxes which, in the aggregate, indicate a normal tax rate in Japan of approximately 42% for the years ended March 31, 2002 and 2003.

The effective tax rate used for the calculation of deferred tax assets and liabilities was 42.0% in Japan for the year ended March 31, 2002. Effective for the year commencing on April 1, 2004 or later, according to the revised Japanese local tax law, income tax rates for enterprise taxes will be reduced.

Based on the change of income tax rates, for the calculation of deferred tax assets and liabilities, the Company and its certain domestic consolidated subsidiaries used the effective tax rates of 42.0% and 40.6% for current items and non-current items, respectively, for the year ended March 31, 2003.

As a result of the change in the effective tax rates, net deferred tax assets decreased by ¥772 million ($6,487 thousand), deferred income tax expenses increased by ¥707 million ($5,941 thousand), and net unrealized holding losses on securities decreased by ¥65 million ($546 thousand) for the year ended March 31, 2003, compared with what would have been recorded under the previous local tax law.

Deviations of the effective tax rate for financial statement purposes from the normal tax rate on income before income taxes and minority interests are due primarily to expenses not deductible for tax purposes and differences in normal tax rates of overseas subsidiaries.

The differences between the normal tax rate and effective tax rate for financial statement purposes for the years ended March 31, 2002 and 2003 were immaterial.

Significant components of deferred tax assets and deferred tax liabilities as of March 31, 2002 and 2003 were as follows:

	Yen (millions)		U.S. Dollars (thousands)
	2002	**2003**	**2003**
Deferred tax assets:			
Inventories	¥ 13,591	¥ **16,608**	$ **139,563**
Allowance for doubtful receivables	2,242	**1,436**	**12,067**
Accrued bonus	6,568	**10,284**	**86,420**
Warranty reserve	1,151	**1,190**	**10,000**
Software	9,784	**14,326**	**120,387**
Long-term prepaid expenses	8,048	**10,629**	**89,319**
Enterprise taxes	—	**3,394**	**28,521**
Net unrealized holding losses on securities	3,854	**1,897**	**15,941**
Other	23,350	**25,398**	**213,429**
Gross deferred tax assets	68,588	**85,162**	**715,647**
Deferred tax liabilities:			
Retained earnings appropriated for tax allowable reserves	(2,934)	**(3,503)**	**(29,437)**
Undistributed earnings of overseas subsidiaries	(5,003)	**(4,351)**	**(36,563)**
Other	(3,075)	**(2,941)**	**(24,714)**
Gross deferred tax liabilities	(11,012)	**(10,795)**	**(90,714)**
Net deferred tax assets	¥ 57,576	¥ **74,367**	$ **624,933**

Net deferred tax assets and liabilities as of March 31, 2002 and 2003 were included in the consolidated balance sheets as follows:

	Yen (millions)		U.S. Dollars (thousands)
	2002	**2003**	**2003**
Other current assets	¥ 31,931	¥ **41,052**	$ **344,975**
Prepaid expenses and other	28,677	**36,249**	**304,614**
Other current liabilities	(8)	**(46)**	**(387)**
Other long-term liabilities	(3,024)	**(2,888)**	**(24,269)**
Net deferred tax assets	¥ 57,576	¥ **74,367**	$ **624,933**

5. Short-term Borrowings and Long-term Debt

The weighted average interest rates of short-term borrowings as of March 31, 2002 and 2003 were 1.7% and 1.5%, respectively. The Company and its consolidated subsidiaries have had no difficulty in renewing such loans when they have considered such renewal advisable.

Short-term borrowings including current portion of long-term debt as of March 31, 2002 and 2003 consisted of the following:

	Yen (millions)		U.S. Dollars (thousands)
	2002	**2003**	**2003**
Bank loans	¥ 123,188	¥ **109,429**	$ **919,571**
Bank acceptances payable	1,355	**129**	**1,084**
Commercial paper	118,463	**104,747**	**880,227**
Current portion of long-term debt	77,049	**28,240**	**237,311**
	¥ 320,055	¥ **242,545**	$ **2,038,193**

Long-term debt as of March 31, 2002 and 2003 consisted of the following:

	Yen (millions)		U.S. Dollars (thousands)
	2002	**2003**	**2003**
0.3%–3.5% unsecured loans principally from banks, due 2002 to 2018	¥ 113,664	**¥ 111,389**	**$ 936,042**
1.60% unsecured convertible bonds, due 2004	26,951	**26,951**	**226,479**
1.55% unsecured straight bonds, due 2002	50,000	**—**	**—**
2.00% unsecured straight bonds, due 2005	30,000	**30,000**	**252,101**
1.30% unsecured straight bonds, due 2003	10,000	**10,000**	**84,034**
1.65% unsecured straight bonds, due 2005	10,000	**10,000**	**84,034**
0.57% unsecured straight bonds, due 2007	—	**50,000**	**420,168**
0.15%–1.47% unsecured Euroyen notes issued by a consolidated subsidiary, due 2002 to 2008	37,200	**32,178**	**270,403**
4.45%–7.2% mortgage loans for employees' housing from a government-sponsored agency, due 2002 to 2009	24	**11**	**92**
0.53%–0.64% payables under securitized lease receivables, due 2003 to 2008	—	**16,700**	**140,336**
	277,839	**287,229**	**2,413,689**
Less-Current portion included in short-term borrowings	(77,049)	**(28,240)**	**(237,311)**
	¥ 200,790	**¥ 258,989**	**$ 2,176,378**

The following is a summary of the terms of conversion and redemption of the convertible bonds:

	Conversion price	Redemption at the option of the Company
1.60% Bonds, due 2004	¥1,554.00	At 106% to 100% of principal after September 30, 1997, decreasing 1% annually

The conversion prices of bonds are subject to adjustment for certain subsequent events such as the issue of common stock at less than fair value and stock splits.

If all convertible bonds were converted as of March 31, 2003, 17,342 thousand shares of common stock would be issuable.

As is customary in Japan, substantially all of the bank borrowings are subject to general agreements with each bank which provide, among other things, that security and guarantees for present and future indebtedness will be given upon request of the bank, and that any collateral so furnished will be applicable to all indebtedness to that bank. To date, the Company has not received such requests from its banks. In addition, the agreements provide that the bank has the right to offset cash deposited against any short-term or long-term debt that becomes due, and in case of default and certain other specified events, against all other debts payable to the bank.

The aggregate annual maturities of long-term debt as of March 31, 2003 were as follows:

Year ending March 31	Yen (millions)	U.S. Dollars (thousands)
2005	¥ 45,826	$ 385,092
2006	83,389	700,748
2007	12,696	106,689
2008	86,601	727,740
2009 and thereafter	30,477	256,109
	¥ 258,989	$ 2,176,378

6. Leases

Finance leases

Information relating to finance leases, excluding those leases for which the ownership of the leased assets is considered to be transferred to the lessee, as of, and for the years ended, March 31, 2002 and 2003, is as follows:

(a) As lessee

(1) Future minimum lease payments

	Yen (millions)		U.S. Dollars (thousands)
	2002	**2003**	**2003**
Due within one year	¥ 75,928	¥ **77,772**	$ **653,546**
Due after one year	150,026	**149,904**	**1,259,698**
	¥ 225,954	¥ **227,676**	$ **1,913,244**

(2) Lease payments

	Yen (millions)		U.S. Dollars (thousands)
	2002	**2003**	**2003**
Lease payments	¥ 16,100	¥ **14,496**	$ **121,815**

(b) As lessor

(1) Acquisition cost, accumulated depreciation and book value of leased properties

	Yen (millions)		U.S. Dollars (thousands)
	2002	**2003**	**2003**
Machinery and equipment:			
Acquisition cost	¥ 20,375	¥ **43,015**	$ **361,471**
Accumulated depreciation	4,886	**9,690**	**81,429**
Book value	¥ 15,489	¥ **33,325**	$ **280,042**

(2) Future minimum lease receipts

	Yen (millions)		U.S. Dollars (thousands)
	2002	**2003**	**2003**
Due within one year	¥ 69,390	¥ **77,180**	$ **648,572**
Due after one year	150,783	**167,240**	**1,405,378**
	¥ 220,173	¥ **244,420**	$ **2,053,950**

(3) Lease receipts and depreciation

	Yen (millions)		U.S. Dollars (thousands)
	2002	**2003**	**2003**
Lease receipts	¥ 2,615	¥ **6,791**	$ **57,067**
Depreciation	2,241	**6,069**	**51,000**

Operating leases

(a) As lessee

Future minimum lease payments as of March 31, 2002 and 2003 were as follows:

	Yen (millions)		U.S. Dollars (thousands)
	2002	**2003**	**2003**
Due within one year	¥ 1,220	¥ **1,618**	$ **13,597**
Due after one year	2,261	**2,373**	**19,941**
	¥ 3,481	¥ **3,991**	$ **33,538**

(b) As lessor

Future minimum lease receipts as of March 31, 2002 and 2003 were as follows:

	Yen (millions)		U.S. Dollars (thousands)
	2002	**2003**	**2003**
Due within one year	¥ 1,581	¥ **1,551**	$ **13,033**
Due after one year	1,589	**1,437**	**12,076**
	¥ 3,170	¥ **2,988**	$ **25,109**

7. Shareholders' Equity and Per Share Data

The Japanese Commercial Code provides that at least one-half of the proceeds from shares issued be included in common stock and the remaining amount of the proceeds be accounted for as additional paid-in capital. In conformity therewith, the Company recorded as common stock over one-half of the principal amount of the convertible bonds converted into common stock.

The Code provides that an amount equivalent to at least 10% of cash dividends paid and other cash outlays shall be appropriated and set aside as legal reserve until the total amount of legal reserve and additional paid-in capital equals 25% of the stated capital.

As of March 31, 2003, the total amount of legal reserve and additional paid-in capital has already exceeded 25% of the stated capital and, therefore, no additional provision is required.

On condition that the total amount of legal reserve and additional paid-in capital remains being equal to or exceeding 25% of the stated capital, they are available for distribution by the resolution of the shareholders' meeting. Legal reserve is included in retained earnings.

Effective April 1, 2002, the Company and its domestic consolidated subsidiaries adopted the new accounting standard for treasury stock and reversal of statutory reserves (Accounting Standards Board Statement No. 1, "Accounting Standard for Treasury Stock and Reduction of Statutory Reserves"). There is no effect on the consolidated financial statements of adopting the new accounting standard.

Year end cash dividends are approved by the shareholders after the end of each fiscal year and semiannual interim cash dividends are declared by the Board of Directors after the end of each interim six-month period. Such dividends are payable to shareholders of record at the end of each fiscal year or interim six-month period. In accordance with the Code, final cash dividends and the related appropriations of retained earnings have not been reflected in the financial statements at the end of such fiscal year. However, cash dividends per share shown in the accompanying consolidated statements of income reflect dividends applicable to the respective period.

Effective April 1, 2002, the Company adopted the new accounting standard for earnings per share and related guidance (Accounting Standards Board Statement No. 2, "Accounting Standard for Earnings Per Share" and Financial Standards Implementation Guidance No. 4, "Implementation Guidance for Accounting Standard for Earnings Per Share"). For the year ended March 31, 2003, net income per share and diluted net income per share calculated in accordance with the previous accounting method are ¥29.60 ($0.25) and ¥29.38 ($0.25), respectively.

Diluted net income per share of common stock for the year ended March 31, 2002 was not shown since the outstanding convertible bonds had no dilutive effect on the net income per share data for 2002.

On June 25, 2003, the shareholders approved the declaration of cash dividends totaling ¥8,718 million ($73,261 thousand) to shareholders of record as of March 31, 2003, covering the year then ended.

The Ordinary General Meeting of Shareholders held on June 27, 2002 authorized that the Company may, by a resolution of the Board of Directors, purchase its treasury stock up to a total not exceeding 20 million outstanding shares at prices in total not exceeding ¥30 billion ($252,101 thousand).

As of March 31, 2003, 20 million outstanding shares, ¥25,670 million ($215,714 thousand) have been purchased under this authorization.

8. Contingent Liabilities

As of March 31, 2003, the Company and its consolidated subsidiaries had contingent liabilities as follows:

	Yen (millions)	U.S. Dollars (thousands)
	2003	**2003**
Loans guaranteed	**¥ 14,147**	**$ 118,882**
Notes discounted	**354**	**2,975**
	¥ 14,501	**$ 121,857**

9. Employees' Severance and Pension Benefits

Allowance for severance and pension benefits of the Company and its domestic consolidated subsidiaries as of March 31, 2002 and 2003 consisted of the following:

	Yen (millions)		U.S. Dollars (thousands)
	2002	**2003**	**2003**
Projected benefit obligation	¥ 514,390	**¥ 370,398**	**$ 3,112,588**
Less-Fair value of plan assets	(356,571)	**(202,800)**	**(1,704,202)**
Less-Unrecognized actuarial differences	(89,789)	**(148,162)**	**(1,245,059)**
Less-Unrecognized net transition obligation	(59,220)	**(14,046)**	**(118,033)**
Prepaid pension cost	—	**3,601**	**30,261**
Allowance for severance and pension benefits	¥ 8,810	**¥ 8,991**	**$ 75,555**

In addition, allowance for severance and pension benefits of ¥504 million as of March 31, 2002, and ¥935 million ($7,857 thousand) as of March 31, 2003, were provided by certain overseas consolidated subsidiaries in conformity with generally accepted accounting principles and practices prevailing in the respective countries of domicile.

As explained in Note 1(K), the Company and its certain domestic consolidated subsidiaries obtained the approval from the Minister of Health, Labor and Welfare on August 13, 2002, for an exemption from the future benefit obligation related to the substituted government's portion of pension benefits provided by social welfare pension funds.

The Company and its certain domestic consolidated subsidiaries, on the approval date, recognized the relinquishment of the substituted portion of benefit obligation of welfare pension funds and the corresponding portion of plan assets in accordance with the transitional measures prescribed in Article 47-2 "Practical Guidelines of Accounting for Retirement Benefits (Interim Report)" issued by the Japanese Institute of Certified Public Accountants. The amount of plan assets to be transferred back to the government was ¥110,728 million ($930,487 thousand) as of March 31, 2003.

The above figures for the fiscal year ended March 31, 2002 include the substituted government's portion of benefit obligation.

Expenses for severance and pension benefits of the Company and its domestic consolidated subsidiaries for the years ended March 31, 2002 and 2003 consisted of the following:

	Yen (millions)		U.S. Dollars (thousands)
	2002	**2003**	**2003**
Service costs, net of plan participants' contributions	¥ 15,114	**¥ 13,938**	**$ 117,126**
Interest costs on projected benefit obligation	17,779	**12,419**	**104,361**
Expected return on plan assets	(20,345)	**(12,697)**	**(106,698)**
Amortization of net transition obligation	9,870	**5,163**	**43,387**
Recognized actuarial loss	—	**4,187**	**35,185**
Expenses for severance and pension benefits	22,418	**23,010**	**193,361**
Gain on return of substituted portion of employee pension fund	—	**(7,961)**	**(66,899)**
	¥ 22,418	**¥ 15,049**	**$ 126,462**

The discount rates used by the Company and its domestic consolidated subsidiaries were 3.2% and 2.5% for the years ended March 31, 2002 and 2003, respectively. The rate of expected return on plan assets used by the Company and its domestic consolidated subsidiaries for the years ended March 31, 2002 and 2003 was 4.5%. The estimated amount of all retirement benefits to be paid at future retirement dates is allocated equally to each service year using the estimated number of total service years.

10. Segment Information

The Company and its consolidated subsidiaries operate in Consumer/Information Products business and Electronic Components business. Consumer/Information Products business includes audio-visual and communication equipment, home appliances and information equipment. Electronic Components business includes ICs, LCDs and other electronic components.

Information by business segment for the fiscal years ended March 31, 2002 and 2003 is as follows:

	Yen (millions)		U.S. Dollars (thousands)
	2002	**2003**	**2003**
Net Sales:			
Consumer/Information Products:			
Customers	¥ 1,274,076	**¥ 1,346,400**	**$11,314,286**
Intersegment	5,663	**5,997**	**50,395**
Total	1,279,739	**1,352,397**	**11,364,681**
Electronic Components:			
Customers	529,722	**656,810**	**5,519,411**
Intersegment	95,986	**136,867**	**1,150,143**
Total	625,708	**793,677**	**6,669,554**
Elimination	(101,649)	**(142,864)**	**(1,200,538)**
Consolidated	¥ 1,803,798	**¥ 2,003,210**	**$16,833,697**
Operating Income:			
Consumer/Information Products	¥ 34,836	**¥ 43,646**	**$ 366,773**
Electronic Components	37,269	**56,315**	**473,235**
Elimination	1,480	**(495)**	**(4,159)**
Consolidated	¥ 73,585	**¥ 99,466**	**$ 835,849**
Total Assets:			
Consumer/Information Products	¥ 707,962	**¥ 703,787**	**$ 5,914,176**
Electronic Components	788,476	**832,870**	**6,998,908**
Elimination and Corporate Assets	470,471	**468,175**	**3,934,244**
Consolidated	¥ 1,966,909	**¥ 2,004,832**	**$16,847,328**
Depreciation and Amortization:			
Consumer/Information Products	¥ 46,701	**¥ 43,942**	**$ 369,260**
Electronic Components	87,622	**102,236**	**859,126**
Elimination	(376)	**(360)**	**(3,025)**
Consolidated	¥ 133,947	**¥ 145,818**	**$ 1,225,361**
Capital Expenditures:			
Consumer/Information Products	¥ 42,905	**¥ 40,698**	**$ 342,000**
Electronic Components	131,708	**153,292**	**1,288,168**
Elimination	(590)	**(1,021)**	**(8,580)**
Consolidated	¥ 174,023	**¥ 192,969**	**$ 1,621,588**

Corporate assets as of March 31, 2002 and 2003 were ¥484,068 million and ¥481,667 million ($4,047,622 thousand), respectively, and were mainly comprised of the Company's cash and cash equivalents and investments in securities.

Information by geographic segment for the fiscal years ended March 31, 2002 and 2003 is as follows:

	Yen (millions)		U.S. Dollars (thousands)
	2002	**2003**	**2003**
Net Sales:			
Japan:			
Customers	¥ 1,151,607	**¥ 1,256,238**	**$10,556,622**
Intersegment	360,506	**452,100**	**3,799,159**
Total	1,512,113	**1,708,338**	**14,355,781**
The Americas:			
Customers	340,403	**313,882**	**2,637,664**
Intersegment	7,028	**7,046**	**59,210**
Total	347,431	**320,928**	**2,696,874**
Asia:			
Customers	96,245	**158,198**	**1,329,395**
Intersegment	126,371	**113,788**	**956,202**
Total	222,616	**271,986**	**2,285,597**
Other:			
Customers	215,543	**274,892**	**2,310,017**
Intersegment	72,501	**89,569**	**752,680**
Total	288,044	**364,461**	**3,062,697**
Elimination	(566,406)	**(662,503)**	**(5,567,252)**
Consolidated	¥ 1,803,798	**¥ 2,003,210**	**$16,833,697**
Operating Income:			
Japan	¥ 57,985	**¥ 82,792**	**$ 695,731**
The Americas	6,785	**3,382**	**28,420**
Asia	2,944	**3,422**	**28,757**
Other	6,255	**7,993**	**67,168**
Elimination	(384)	**1,877**	**15,773**
Consolidated	¥ 73,585	**¥ 99,466**	**$ 835,849**
Total Assets:			
Japan	¥ 1,158,665	**¥ 1,219,045**	**$10,244,076**
The Americas	146,526	**137,206**	**1,152,992**
Asia	74,095	**70,470**	**592,185**
Other	170,775	**176,547**	**1,483,588**
Elimination and Corporate Assets	416,848	**401,564**	**3,374,487**
Consolidated	¥ 1,966,909	**¥ 2,004,832**	**$16,847,328**

Corporate assets as of March 31, 2002 and 2003 were ¥484,068 million and ¥481,667 million ($4,047,622 thousand), respectively, and were mainly comprised of the Company's cash and cash equivalents and investments in securities.

For the year ended March 31, 2003, a new geographic segment "Asia", which had been previously categorized as a part of the "Other" segment was disclosed separately, given the increasing materiality of the Asia segment. Consequently the geographic segment "Other" principally consists of "Europe", "China", "Middle East" and "Oceania" region.

Geographic segment information of the prior year has been restated to conform with the 2003 presentation.

Overseas sales for the years ended March 31, 2002 and 2003 were as follows:

	Yen (millions)		U.S. Dollars (thousands)
	2002	**2003**	**2003**
Overseas sales:			
The Americas	¥ 370,490	**¥ 336,815**	**$ 2,830,378**
Asia	174,017	**270,618**	**2,274,101**
Europe	188,840	**235,168**	**1,976,202**
Other	86,791	**103,204**	**867,260**
Total	¥ 820,138	**¥ 945,805**	**$ 7,947,941**

Overseas sales were comprised of overseas subsidiaries' sales and the Company's and domestic subsidiaries' export sales to customers.

For the year ended March 31, 2003, the Company recategorized its segmentation for "Overseas sales" information to provide more useful segment information. Consequently "China", which had been previously included in "Asia" segment, was reclassified into "Other" segment. "Central & South America", which had been previously included in "Other" segment, was combined with "North America" into "The Americas" segment.

"Overseas sales" information of the prior year has been restated to conform with the 2003 presentation.

Independent Auditors' Report

KPMG

To the Board of Directors of Sharp Corporation:

We have audited the accompanying consolidated balance sheets of Sharp Corporation (a Japanese corporation) and its consolidated subsidiaries as of March 31, 2002 and 2003, and the related consolidated statements of income, shareholders' equity and cash flows for the years then ended, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Sharp Corporation and its consolidated subsidiaries as of March 31, 2002 and 2003, and the consolidated results of their operations and their cash flows for the years then ended, in conformity with accounting principles generally accepted in Japan as described in Note 1 (a) to the consolidated financial statements.

Sharp Corporation adopted the new Accounting Standards for Retirement Benefits (Note 1(k)) effective April 1, 2001. In addition, a new accounting requirement for other securities with fair market value was applied effective April 1, 2001 under the Accounting Standards for Financial Instruments (Note 1(e)).

The consolidated financial statements as of and for the year ended March 31, 2003 have been translated into U.S. dollars solely for the convenience of the reader. We have recomputed the translation and, in our opinion, the consolidated financial statements expressed in Japanese yen have been translated into U.S. dollars on the basis set forth in Note 1 (a) to the consolidated financial statements.

Osaka, Japan
June 25, 2003

Asahi & Co.

Corporate Information

Consolidated Subsidiaries

Domestic:
Sharp Electronics Marketing Corporation
Sharp Finance Corporation
Sharp System Products Co., Ltd.
Sharp Manufacturing Systems Corporation
Sharp Engineering Corporation
Sharp Document Systems Corporation
Sharp Amenity Systems Corporation
Sharp Niigata Electronics Corporation
Sharp Trading Corporation

Overseas:
Sharp Electronics Corporation (New Jersey, U.S.A.)
Sharp Laboratories of America, Inc. (Washington, U.S.A.)
Sharp Electronics Manufacturing Company of America, Inc. (California, U.S.A)
Sharp Electronics of Canada Ltd. (Ontario, Canada)
Sharp Electronica Mexico S.A. de C.V. (Baja California, Mexico)
Sharp Electronics (Europe) GmbH (Hamburg, Germany)
Sharp Electronics (U.K.) Ltd. (Manchester, U.K.)
Sharp Laboratories of Europe, Ltd. (Oxford, U.K.)
Sharp International Finance (U.K.) Plc. (Hertfordshire, U.K.)
Sharp Electronica España S.A. (Barcelona, Spain)
Sharp Electronics (Schweiz) AG (Dällikon, Switzerland)
Sharp Electronics (Nordic) AB (Bromma, Sweden)
Sharp Electronics Ges.M.B.H. (Wien, Austria)
Sharp Electronics France S.A. (Paris, France)
Sharp Manufacturing France S.A. (Soultz, France)
Sharp Electronics (Italia) S.p.A. (Milano, Italy)
Sharp Electronics Benelux B.V. (Houten, The Netherlands)
Sharp Electronics (Taiwan) Co., Ltd. (Kaohsiung, Taiwan)
Sharp Electronic Components (Taiwan) Corporation (Taipei, Taiwan)
Sharp Technology (Taiwan) Corporation (Taipei, Taiwan)
Sharp (Phils.) Corporation (Manila, Philippines)
Sharp-Roxy Sales (Singapore) Pte., Ltd. (Singapore)
Sharp Electronics (Singapore) Pte., Ltd. (Singapore)
Sharp Manufacturing Corporation (M) Sdn. Bhd. (Johor, Malaysia)
Sharp Electronics (Malaysia) Sdn. Bhd. (Selangor, Malaysia)
Sharp Appliances (Thailand) Ltd. (Chachoengsao, Thailand)
Sharp Software Development India Pvt. Ltd. (Bangalore, India)
Shanghai Sharp Electronics Co., Ltd. (Shanghai, China)
Sharp Office Equipments (Changshu) Co., Ltd. (Changshu, China)
Wuxi Sharp Electronic Components Co., Ltd. (Wuxi, China)
Nanjing Sharp Electronics Co., Ltd. (Nanjing, China)
P.T. Sharp Yasonta Indonesia (Jakarta, Indonesia)
P.T. Sharp Semiconductor Indonesia (West Java, Indonesia)
Sharp Corporation of Australia Pty. Ltd. (New South Wales, Australia)
Sharp Corporation of New Zealand Ltd. (Auckland, New Zealand)
Sharp Middle East FZE (Dubai, U.A.E.)

Principal Shareholders

The principal shareholders of Sharp Corporation appearing on the register of shareholders as of March 31, 2003 are as follows:

	Number of shares held	Percentage of total shares
Nippon Life Insurance Company	53,644,384	4.83%
Resona Bank, Limited.	40,976,068	3.69
The Master Trust Bank of Japan, Ltd. (Trust Account)	40,522,000	3.65
UFJ Bank, Limited	40,071,526	3.61
The Yasuda Mutual Life Insurance Company	40,000,000	3.60
Mizuho Corporate Bank, Ltd.	39,410,469	3.55
Japan Trustee Service Bank, Ltd (Trust Account)	37,096,000	3.34
The Dai-ichi Mutual Life Insurance Company	32,404,140	2.92
Mitsui Sumitomo Insurance Company, Limited	30,658,022	2.76
Sompo Japan Insurance Inc.	26,870,000	2.42
Total	381,652,609	34.36%

Share Distribution

(As of March 31, 2003)

	Number of shareholders	Number of shares held	Percentage of total shares
Japanese financial institutions*1	317	649,169,415	58.45%
Japanese securities companies	48	10,006,027	0.90
Other Japanese corporations	1,371	47,540,623	4.28
Foreign shareholders	627	161,064,099	14.50
Japanese individual shareholders and others*2	101,872	242,919,723	21.87
Total	104,235	1,110,699,887	100.00%

*1 A total of 101,182,000 shares (9.11%) in pension trust funds and investment trusts are included in the number of shares held by Japanese financial institutions.

*2 A total of 20,844,711 (1.88%) shares of treasury stock are included in the number of shares held by Japanese individual shareholders and others.

Investor Information

Sharp Corporation

22-22, Nagaike-cho, Abeno-ku, Osaka 545-8522, Japan
Phone: +81-6-6621-1221
Sharp home page: http://www.sharp.co.jp/
Investor Relations home page: http://www.sharp.co.jp/corporate/ir/index.html

< Investor Relations Office >

Osaka
Phone: +81-6-6625-3023
Fax: +81-6-6627-1759

Tokyo
8, Ichigaya-Hachiman-cho, Shinjuku-ku, Tokyo 162-8408, Japan
Phone: +81-3-3260-1289
Fax: +81-3-3260-1822

< Japanese Stock Exchange Listings >

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Paris, Luxembourg, Swiss

< Transfer Agent (Business Handling Place) >

The Mizuho Trust & Banking Co., Ltd.
Osaka Branch Office of Transfer Agency Department
11-16, Sonezaki 2-chome, Kita-ku, Osaka 530-0057, Japan

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